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Introduction: the future research agenda for HRM

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1.1 The genesis of this book

Why do we need to think about the future HRM research agenda? In part, there is a need to ensure that we simply catch up with the recent past. Before we even think about some of the technical changes and disruptive technologies that are now nearly upon us, it is evident that in the last 10 years the HRM function has already seen many significant and important changes. The agenda for those who lead the function has been one of building the capabilities deemed necessary in their function to help organisations survive and prosper in a very competitive environment. The strategic competence of organisations and their top teams has been questioned, as has been the role and purpose of organisations in society. Where they have been successful – and debate continues as to just how successful or not HR directors have been at transforming their function – HR directors have had to develop considerable strategic insight into their organisation. They have tried to focus their function on the need to look “into” the organisation, and its strategy, and help ensure the effective execution of change, as part of a team of other senior leaders. As such, they have had to evidence the contribution that people management can have to business challenges such as innovation, productivity, lean management, customer centrality, and the globalisation of operations and organisation capabilities. This has in turn required that they understand the complexity of their organisation’s business models and the different options that exist in terms of organisation design. Even where they have developed potentially useful insight, or challenge, to existing strategic thinking, they have faced the challenge of having to engage the rest of the Board with their ideas and understanding. Not all Boards listen to HR, and not all HR teams understand the needs of the Board.

When it comes to what HR functions do, although the territory and range of activities is very wide, two over-riding debates or narratives have come to shape much of their activity. The first narrative has been around the notion of talent management. Deep and challenging questions have been asked about what makes people talented (or not) in this complex world, with various events such as the global financial crisis testing the confidence and trust in many HRM practices. HR directors have often quietly been “reconfiguring” their talent systems, or face calls from researchers to do this, looking critically at the leadership models that sit beneath them, and asking whether their organisation (and its practices) is creating, developing, deployed, measuring and evaluating the right sorts of human capital. The second narrative has been around the need to forge a clear link, and line of sight, from the strategy and the changes in business model that it often entails, and the engagement of the workforce. Clever business models that can make eminent business sense may be seen as inappropriate by employees and other stakeholders, with the solution needing to be not a simple re-presentation of the strategy, but creating a much deeper process that ensures that people believe and trust in the strategy, have a sense of fairness, and are therefore willing to engage and contribute. In short, HR directors also have to look “out” to the world of work, and to understand the social and technical changes taking place outside their organisation that will impact the way that employees within the organisation behave. We see the re-emergence of societal debates about things such as pension provision, executive reward, low pay, the access of all employee segments to careers, and quality work, the nature of diversity and role of key groups, such as women on boards, the global sourcing of work, change in the pattern of social mobility, and the potential implications of what has been called the 100 year life. Each of these social trends is driven by different ways of thinking about fairness, and it is becoming ever more apparent that what is fair for one employee segment might be seen as inherently unfair for another.

HR is at an inflexion point. The developments discussed throughout the book raise questions about the sorts of practices and processes that we give attention to as practitioners, and the sort of research that HR academics need to engage in to ensure both their relevance and rigour. HR practitioners are well aware that their function is continuing to develop and evolve. Their existing centres of expertise continue to change. Questions are being raised as to whether some of their expertise may be hollowed out, taken over by other functions or general line managers, or externalised. Some of their knowledge needs to

be “joined together” in different ways, as practitioners find themselves working with other management functions or specialists on projects or change programmes that are aimed at building organisational effectiveness. There are also many people “competing” to offer important services. External consultants or outsourced and third-party organisations are themselves trying to add to the value that they can offer to organisations or policy makers. We see the growth of many value-adding specialist houses offering discretionary services, from areas such as HR analytics to business intelligence. HR service providers are becoming fewer in number, offer multi-tower HR–IS–Finance services, and are moving up the value-chain of services. Many third-party services operate through direct interfaces with line managers. Many of the technologies and data technologies used to promote employee engagement – such as crowdsourcing and social media – are becoming corporate, used across several management functions.

The book argues that we are seeing a new organisational effectiveness context for the HR function, and the questions now being asked about effectiveness often extend beyond any one organisation. Business models are increasingly collaborative, embedding organisations in networks that flow back through supply chains and into national governments, institutions and partners. We can no longer divorce what we do inside our organisations, or with our strategies, from their corporate and social impact.

HR is then at a crossroads. It is being pulled in several directions. We might find that it retreats from some of the challenges facing organisations now and in the future, and choose to concentrate on its traditional administrative and process-managing work. There will be a need for someone to manage core people-related functions such as recruitment and selection, training, pay and rewards, and so forth for quite some time to come. But when we look at what is happening in organisations we see some significant changes taking place. Organisations are beginning to “defunctionalise” themselves, as they try to address challenges that are both complex and cross-disciplinary. Many of these challenges are however still very people centric, that is, without the successful management of people the challenges will not be met. There is an opportunity for HRM researchers and practitioners alike to take on some of the intellectual leadership that is needed. This will not be easy. It means that we need to ask questions about the syllabus that should be taught to practitioners, and the knowledge models, theories and methods that HRM researchers should also start to employ.

1.2 The structure of the book

In order to help us think about these issues, we have opened up discussion of the future HRM agenda to academics from the leading HR research centres from around the world. They have been encouraged to lay out what they see as the current state of knowledge, and the future challenges for research and practice, in their respective areas of study.

We have organised the book into four topics:

- The role of HR strategy, structure and architecture;
- The role of key HR processes;
- Key performance enablers; and
- Key performance outcomes.

1.2.1 Strategy, structure and architecture

The debate begins in Chapter 2 by Dave Lepak, Kaifeng Jiang and Robert E. Ployhart on HR Strategy Structure and Architecture. This chapter reminds us that the field of strategic HRM – itself a relative newcomer in academic terms – has gone through various incarnations in a relatively short time. They trace this evolution to show how the field was initially dominated by the field of industrial and organisational psychology, but that slowly attention has shifted from an initial focus on core HR practices and processes, to questions about the HR system as a whole. We now think about how best to combine core practices into an effective architecture, and how to manage this portfolio depending on the technical, sector, country, strategic, and performance context. As a result, we have developed better insight into different employee segments, each with their varying needs and varying levels of strategic centrality. One of the refinements that began to occur was an attempt to look at the impact of HRM across levels, to try and show for example how individual and unit level factors influenced subsequent organisational performance, and the role played by important mediating factors such as commitment and well-being. They show how we began to understand that effective performance often only occurs if it is allowed to emerge, and that this emergence of a link between HRM and performance is a consequence of both bottom-up as well as top down processes. As such, they argue that it is far more sensible to think of strategic HRM as a system. There are several ways in which we might try to analyse this system. They place the attention that has been given to the link between abilities,

motivations and opportunities (AMO model), or the role of various employee-organisation relationships and bonds, in this context.

Dave Lepak, Kaifeng Jiang and Robert E. Ployhart show how this rapid evolution of the field is continuing. As they look to the future, they see *four* shifts, each of which will move our attention away from analysing the impact of HRM at the level of what we might have erroneously assumed to be a unified organisation. First, we should give far more attention to the different patterns of strategic execution often seen across work groups within a single organisation. We need now to understand the characteristics of leaders, managers, groups and individuals that help to amplify the positive impacts that HRM can have, and that lead to more effective performance. Second, and broadly as a consequence of the first shift above, we need to give far more attention to those factors that promote group work. Third, we need to understand how factors such as team cognition, team diversity, team demographics and composition, and team efficacy, all impact effectiveness. And fourth, we need to understand the linkages between these issues, so that we can explain how group-level factors can help transfer the impact of organisation-level HR systems to produce individual-level outcomes, or how individual-level outcomes can be aggregated upwards to contribute to group-level and organisation-level outcomes.

Interestingly, Dave Lepak, Kaifeng Jiang and Robert E. Ployhart also draw attention to the importance of time (something that is also done in the last chapter of the book on globalisation by Chris Brewster, Adam Smale and Wolfgang Mayrhofer). In terms of HR strategy, we need to understand how fast or how long it can take for change to occur. We also need to know the role of important system design qualities over time – such as the role of consistency versus flexibility. Without knowing such things, we can miss or understate the importance of key variables and factors in the causal link between HRM and performance. This means that in terms of research methodology we need to encourage research that uses longitudinal datasets and better controls for prior factors that might predispose an organisation to perform in one way versus another. It means that we need to stop assuming linear effects, and better understand whether the effects of HR systems diminish or grow over time. To do this we need better experimental control, as it can be hard to test for variation in live organisational contexts. There is then a place for experimental designs and simulations.

Finally, Chapter 2 makes a call – one that will be seen in most of the chapters throughout this book – that we adopt multidisciplinary theories and lenses in our research. They point to the way in which researchers began to blend ideas from human capital theory with those that come from the field of strategy and a resource-based view of the firm, and how this has led to the current attention that is being given the different forms of human capital and the enabling processes that transform individual knowledge, skill, ability, and other characteristics (the KSAO model) into unique, unit-, operations- and firm-level resources.

1.2.2 Key HR processes

The next three chapters then give attention to a series of important HRM processes that might be considered to shape the quality of human capital open to an organisation. The first two of these chapters cover the process of talent management and the third examines the process of selection, assessment and turnover.

In Chapter 3 on Talent Management, David G. Collings, Anthony McDowell and John McMackin evaluate the current state of the literature on talent management and establish the key trends in the research that has taken place in this area. They show how the topography of the area has been constantly evolving. Given the relative recent development of talent management as an academic field (it has been a concern of practice for much longer) the early attention academic enquiry focused on defining what talent management actually means. Initially, there was a temptation for there to be some simple rebranding of human resource management as talent management, for some simplistic arguments that talent might be categorised as A, B and C players and that organisations needed to load themselves with A players to be effective, or develop talent pools of high performing and high potential employees capable of moving into future senior leadership roles. We then saw some more sophisticated attempts to shift the talent management agenda towards also thinking about positions with the potential for significant variation in output and value added between a high performer and an average performer, that could be defined by their centrality to organisational strategy combined (this perspective is also developed in Chapter 4 by Wayne F. Cascio, John W. Boudreau and Allan H. Church). They also draw attention to some fundamental differences in philosophy that can dominate both the research and practice of talent management. For example, the level of exclusivity of talent programmes has been one of the central debates in the literature. Yet there has been little precision

in academic studies or amongst practitioners around the definition of what it is that makes people “talent”.

They also argue that researchers need to look across several different strands of research. For example, the parallel literature on star employees is moving beyond its initial focus on talent as high potentials and/or high performers, to a more nuanced understanding of what makes people talented or not in a particular organisational context. It is differentiating between research that treats talent as a subject (where every individual's strengths should be harnessed for the organisation's benefit, the motivational effects associated with being classified as talent, and the attention that must therefore be given to the role of objective, fair, and transparent processes of identification), and research that treats talent as an object (where attention is given to the ability, competence, performance, and behaviours of a subset of the workforce that makes them comparatively more important than everyone else in terms of the value they add to corporate performance).

They advocate an acceptance that, at least in terms of strategy, a more exclusive approach might be needed. While accepting that we must beware a possible “elitist” underpinning of differentiated talent management systems, and ensure that attention to the role of key individuals does not come with any suggestion that those in non-critical roles receive no investment, the focus of research must help organisations to make informed decisions around the optimum level of talent required in critical job roles. They also argue that by looking at the interplay between critical roles and talent in isolation, we can avoid the limitations of early research that segmented employees into A- B- and C- players. Roles serve to moderate the value that can be created by any individual. They show where talent can have the greatest impact on important organisational outcomes.

They note that the literature on talent management could at best be described as in early adolescence, but given the recent proliferation of special issues on the topic the knowledge base is changing fast. The field is phenomenon-driven, still suffers from limited theoretical grounding, and the quality, focus and sophistication of some of the empirical work remains open to question. As a result is still developing in a haphazard way.

They identify three key trends that they feel will drive the talent agenda from both a research and practice perspective over the coming years.

They point to the interface between our models of talent management, and performance management. Despite there being little empirical evidence that organisations are actually moving away from ratings in performance management, we need to better understand how to identify talent in the absence of performance ratings. They suggest a research agenda that explores how a changed understanding of performance may influence talent management systems and processes, and how this may translate into sustainable organisational effectiveness and performance. They caution that we need to move away from the assumption that performance is normally distributed amongst employees in organisations. In terms of strategic value, there is an emerging view that performance does not in fact follow a normal distribution, but is rather subject to a Pareto or power distribution. As they point out, this means that there are potentially more stars than a normal distribution would suggest, owing to there being a longer “tail”.

If so, this has implications for where the “mean” of performance really lies in the workplace, and the skew created by star performers might equally mean that a far greater percentage of performers fall below the mean. Forcing a normal distribution on performance scores might also result in a number of high performers being designated as average. Both of these implications would be discomfiting and demoralising for many HR practitioners and employees alike, who assume a normal distribution. It also would have implications for errors in the resourcing process, a topic that is looked at in Chapter 5 by Robert E. Ployhart and Jason Kautz.

In Chapter 3 David G. Collings, Anthony McDonnell and John McMackin also highlight the importance of context in future talent management research. We should expect to see some shifting boundaries of talent management research in light of growth in contingent work and what has been called the gig economy. Assessing the quality and quantity of talent available through these atypical relationships will be challenging. But we also need to understand how what they characterise as alternative talent platforms can provide access to high quality talent globally, how organisations or networks might maximise the deployment of core employees to focus on key tasks, how to provide access to talent and skills when attempting to scale up across these different platforms, and how to engage this talent and maximise their contribution and rewards for sustainable organisation performance.

Having noted the importance of understanding context and the link between key roles and the scope for individual talent, they note

that the nature of roles themselves can be subject to other mantras. What happens for example to the contribution that talent can make as organisations “lean” their processes? They sketch out a research agenda that might be able to understand talent management in the context of what they call a lean talent agenda. As David G. Collings, Anthony McDonnell and John McMackin note in Chapter 3, there are important questions around risk and compliance in these contingent workforces. This leads us nicely to the next chapter.

In Chapter 4, Wayne F. Cascio, John W. Boudreau and Allan H. Church develop the discussion of talent management by using a risk optimisation lens. They argue that organisations now need to reframe their talent management systems in ways that hedge risk and uncertainty. They introduce the notion of human capital risk – which they define as the uncertainty arising from changes in a wide variety of workforce and people-management issues that affect a company’s ability to meet its strategic and operating objectives. There are some important gaps in our research knowledge in terms of understanding how to manage such risk. For example, existing research on leadership-succession planning reveals little that helps us understand or predict the antecedents, consequences, and moderating and mediating factors that relate talent systems to improvements in risk-optimised talent decisions.

They advocate a process through which organisations prepare a portfolio of talent that is optimised against an uncertain future. Rather than focus on identifying and then systematically building future capabilities using internal processes and tools, we need to better understand how future scenarios are constantly shifting, the risks inherent in the current talent base given this, and the options that are available to alleviate those risks as the scenarios materialise. Despite the strategy literature being littered with examples of firms that failed to react appropriately to developments in their external environments, top teams still seem to be ill prepared to face outside threats. The focus of succession planning needs to be on agility and embracing uncertainty rather than trying to reduce it. It needs to be on optimising the balance between risk and opportunity. In future, success, they argue, will be determined not so much by the validity and execution quality of succession systems, but rather by the ability of the organisation to nurture a sufficient variety of options aligned against multiple future scenarios.

Whilst Chapter 3 signals that our concepts of potential tend to be too narrowly defined, Chapter 4 explains why this is so. It argues that

for both researchers and practitioners alike, the concept of “potential” remains only vaguely defined. It is subject to significant differences of interpretation and generally fails to consider talent readiness to adapt to a changing future. Potential is defined too narrowly, as a general proxy for individual readiness to advance through a linear career path to one or more upper-level positions as they currently exist. We need to take a much more contingent approach, asking potential for what?

They also highlight two implications for practice: what this means for measuring candidate “potential”; and what the implications are for the ownership rights and decision accountability for talent development. The chapter argues that we need to take a more holistic view of potential and apply it throughout the entire talent-management process. They use a leadership potential framework to demonstrate how organisations might take a more comprehensive and holistic view to framing the identification and prediction of future leadership success. They signal some of the cognitive capabilities, learning orientations, and individual motivations and drive that might form more appropriate attributes to concentrate on. We also know very little about the antecedents, moderators, and consequences of cross-unit talent optimisation.

However, as Wayne Cascio, John Boudreau and Allan Church warn us, researching risk optimisation will not be easy. They note that we need four things: improved HR information/talent management systems, databases, and managerial tools for planning different staffing scenarios and downstream implications; changes in the mindsets of leaders, the culture of organisations, reward systems, accountability; changes in our concepts of what talent management and succession planning are supposed to be about; and changes in the capabilities of HR professionals. Their chapter raises a number of challenges for HR practice. The current focus of practice, which is solely on “incumbents in roles”, is limiting. Talent gap analysis processes are too linear and mechanistic, estimates of bench strength are over-optimistic based on assessments of potential for historic role structures and performance contexts, and models of success are not grounded in theory and research.

The talent management agenda outlined in Chapters 3 and 4 is also helping selection and turnover researchers to recast some of their own research efforts in order to focus on collective human capital resources, selection becomes the mechanism through which such resources are built and acquired, and turnover represents the erosion of such

resources. In Chapter 5, Robert E. Ployhart and Jason Kautz apply a human capital management lens to research on selection, assessment and turnover. The chapter provides a review of contemporary research on selection and retention. They look at these two core but interdependent HRM processes – selection and retention – in the context of the talent management research agenda. It shows that after over a century of scholarly research devoted to understanding how to make the most accurate selection decisions, the core focus of selection research remains fixated on identifying selection practices and techniques that produce scores with high validity, low subgroup differences, are cost-effective, and are acceptable to candidates, and there is reasonably shared consensus around many key points. We know for example that the validity for many types of these scores is generalisable across different contexts and cultures, that cognitive ability is highly related to job performance across these contexts and cultures, and that the relationship becomes stronger as the complexity of the job increases. We know that cognitive ability is rarely itself a sufficient predictor for job performance, and that in general terms hiring talent from the outside costs more money and delivers worse performance than hiring from the inside. Similarly, in terms of turnover, we know that there are negative consequences of turnover on nearly all performance indicators, but that low to moderate levels of turnover may be beneficial to an organisation in removing low-performers. Therefore, there is a curvilinear relationship between turnover and performance, and a need to optimise its management. This relationship is seen through a number of research lenses: the loss for valuable knowledge, skills, and abilities (the KSAO model introduced in Chapter 2 by Dave Lepak, Kaifeng Jiang and Robert E. Ployhart); operational disruption and loss of important information flows; and human resource accounting for the true costs of turnover. The chapter shows that some new concepts are beginning to shape the field. For example, researchers now consider the role of organisational embeddedness, that is, the fit between the employee and the organisation, the social links created through the job, and the sacrifice associated with leaving.

Rob Ployhart and Jason Kautz characterise our understanding of basic principles of selection and retention as impressive, but also warn that there are signs that selection and retention research have not kept pace with changes in business over the last 15 or so years. For them, these changes relate to globalisation, business, and competition. The effect of cultural influences on most predictor methods is still largely unknown, and we are faced with an interesting paradox: selection practices differ

considerably across cultures, but the knowledge, skills, abilities and other factors (KSAO) assessed in many selection practices are equivalent. We should not assume that cultural differences in practice do not translate into cultural differences in selection effectiveness because the validity of key selection techniques seems to be invariant. We need more research that directly compares various predictor methods and the corresponding scores from those methods, across cultures, before we can definitely know what the role of culture may be on selection practice and outcomes. We also know even less about the impact of cultural differences on retention practices and outcomes.

Similarly, despite the fact that technology plays an important role in understanding turnover (because the platforms that record data such as social media usage or postings can be used to predict behaviour), there has been very little scientific examination of the use of technology for selection and retention. Chapter 4 on risk optimisation and talent management noted that an agile organisational strategy becomes particularly critical in a VUCA world, but in such environments it is impossible to predict the future. The challenge of this environment for selection and retention research is to recognise that organisational strategies will change quickly, so selection and retention must become more nimble if organisations are to effectively implement strategy. Robert E. Ployhart and Jason Kautz argue this will require a major shift in research focus. Most selection and retention research has been conducted at the individual level, but future research will have to build on recent advancements that study selection and retention at the unit or firm levels, and will have to incorporate theory and research from organisational strategy. They discuss some interesting findings on there being a link between investments in selection and training and the recovery of firm productivity (a topic picked up in Chapter 10) and profit and recovery from the global financial crisis. This reinforces their point that future research is needed that links selection practices to business strategy and the broader economic conditions in which firms operate. We see efforts now to examine the flow of collective human capital resources over time – what they call the human capital resource pipeline.

1.2.3 Key performance enablers

The book then addresses a series of important factors that may be characterised as performance enablers in four chapters: employee engagement; well-being; the role of leadership; and the choices made

about the HR analytics to be used, and the assumptions these make about value.

The first of these is examined in Chapter 6 by Alan M. Saks and Jamie A. Gruman when they review the relationship between engagement and HRM. They pick up on the agenda that Dave Lepak, Kaifeng Jiang and Robert E. Ployhart traced back to the mid-2000s in Chapter 2, which is the need to link HR practices to the attitudes, behaviours, and performance of individual employees, and then back to firm performance. Although study of employee engagement is nowhere near as mature a field as that seen in the previous chapter on selection and retention, there is now a growing body of work and this research has identified various antecedents and consequences of engagement and has shown how engagement mediates relationships between various antecedents and intermediate performance outcomes. There is however a gap in both the research and practitioner literature when it comes to understanding how HRM practices and systems can be configured to enhance employee engagement. Alan M. Saks and Jamie A. Gruman review research on HRM and employee engagement, using the ability–motivation–opportunity or AMO model of HRM introduced in Chapter 2 by Dave Lepak, Kaifeng Jiang and Robert E. Ployhart as one of the dominant theories to capture the employer–employee relationship. They review research on HRM and employee engagement within each of the three HRM dimensions of the AMO model – skill-enhancing, motivation-enhancing, and opportunity-enhancing HRM practices.

Linking back to the previous chapter, for example, selection practices can be used to predict which job applicants are most likely to become engaged. The evidence reviewed in Chapter 6 shows that person–organisation fit perceptions are positively related to engagement. Training opportunities and socialisation act as skill enhancing HRM practices and important predictors of employee engagement. We also know about the importance of many opportunity-enhancing practices such as voice, job design and job enrichment. Alan M. Saks and Jamie A. Gruman argue that we know less, however, about potentially motivation-enhancing practices, other than the likely importance of practices that improve the level and accuracy of expectations (such as various aspects of performance management). Linking back to the discussion of the overall HR architecture in Chapter 2, positive perceptions of HRM practices are positively related to engagement, and engagement mediates the relationship between HRM practices and

specific work outcomes such as innovation (this performance outcome is discussed in more detail in Chapter 11). Much of the evidence about links between HRM and employee engagement, however, remains fragmented. To guide future empirical work, they develop an integrative model that links various HRM practices to a series of important processes – such as meaningfulness, safety, resources, support, trust, fairness and perceptions of fit, and suggest that these in turn may be predictors of employee, team and/or collective engagement.

The second key performance enabler is examined in Chapter 7 on HRM and workplace well-being. Susan Cartwright reminds us that the issue of workplace health and well-being has received increasing attention from researchers, employers and policy makers throughout the developed economies. She points out that the human resource function is likely to come under increasing future pressure to develop and comply with human capital reporting standards (a topic picked up later in this section by Anthony Hesketh in Chapter 9). The function will have to account for the value of their employees and their collective knowledge, skills, abilities and capacity to develop and innovate.

Organisations and governments therefore continue to look for evidence-based ways of dealing with well-being. The chapter provides some trends that show why it is right that they do so, noting the brake it places on productivity. It argues that we need to broaden the meaning of well-being beyond its traditional and legislative concerns with health status from a medical perspective. We know quite a lot about features of the job which contribute to well-being – these include job demands, control, role clarity, security, pay and equity, and wider factors such as co-workers, HR practices, and aspects of the workplace environment more generally.

However, once we broaden our understanding and interpretation of well-being, it is clear that the relationship between human resource management (HRM) and employee well-being is complex. It is also full of paradoxes and inherent conflicts. On the one hand HRM practices can positively enhance employee well-being and result in gains in organisational performance, but on the other hand, HRM can also work to the benefit of corporate performance through work intensification, and so adversely impact on employee well-being.

Susan Cartwright examines the evidence from systematic reviews of flexible working to reveal these paradoxes. She examines some of the

ways in which organisations can prevent and address the occurrence of ill health and promote health, well-being and performance. Strategies have not been as effective as they might, with organisations and policy makers focusing on whatever is reasonably practicable to prevent work-related ill health, in ways that cause as little disruption as possible, rather than the more disruptive positive promotion of well-being. This has narrowed attention on the reduction of incidence of ill health, and the management and support of employees who have developed medical conditions or have been injured at work. These initiatives are of course important, and are reviewed in the chapter, but we need also to draw upon positive psychology, and look at the promotion of well-being at work and the role of organisational initiatives directed at helping individuals to feel happy, competent and satisfied in their roles (this builds upon the previous chapter on employee engagement). The chapter addresses questions of responsibilities for this, and the choice of processes open to organisations as they proactively accept that it is in their best interests to take steps to monitor, address and modify workplace policies, practices and job characteristics that may adversely impact on health and which employees are powerless in their ability to change or control.

Given the need for changes in responsibility – something seen throughout this book – then it is important that we think about the nature of leadership and the agenda that this creates for HRM. In Chapter 8 on Leadership Models, Patrick C. Flood and Johan Coetsee show how the volume of leadership research has increased exponentially over the past 10 years, resulting in the development of a range of leadership theories and approaches. Whilst Chapter 4 raises questions about our definitions of leadership potential and the nature of succession programmes, Chapter 8 argues that there also remains a lack of understanding about the importance of underlying leadership models. We know much about how leaders are perceived and qualities in leaders that may be important, but far less about how leaders go about changing processes in individuals, groups, or organisations, and make their organisations more effective. The chapter explains the main approaches that are currently taken – such as leader-centric approaches, traits and behaviours of leaders, ethical and relational approaches, follower-centric approaches, team leadership and identity-based approaches. We also suffer from too narrow a focus in the current research – it is characterised by the over-use of a leader-centric approach (the romance of leadership), retrospective and single time survey measures, single level and single method approaches, and a lack of longitudinal studies.

In order to address these limitations, and move leadership research forward, the chapter argues that we need to re-examine the assumptions and paradigms we currently use in the study of leadership, as well as our methodologies. It lays out some new paradigms of leadership, and explains the methodologies that will enhance our understanding of what is a complex phenomenon. The chapter signals two important areas of research that now need to be addressed: First, to understand leadership as it is conducted in a context of strategic collaboration at the industry and firm level, and predicated on more collaborative cultures at the top of the organisation; and second, the role of HR directors as coaches of their organisations.

In Chapter 9, the final chapter of this section, Anthony Hesketh addresses the issue of value, and the role of big data in helping to establish this. It explores why and how most researchers continue to think the answer lies in organisations (and key functions within them such as the HR function) using more of the same analytical techniques. There remains an apparent insecurity established in the discourse of human resources executives when faced with the prospect of engaging with senior members of the boardroom. The chapter shows that there is an almost-unquestioned narrative emerging that we need data-driven decision-making. HR analytics defined typically as a more systematic application of predictive modelling using inferential statistics to existing HR people-related data – follows in this mould. It is intended to inform judgements about the possible causal factors that drive key HR-related performance indicators. He is critical of this, observing that predictive analytics, at least those used in HR, rests on the use of traditional statistical techniques, such as regression and advanced modelling techniques, with which generations of statisticians and operational research students are highly familiar. What is new is the volume and speed at which such statistical techniques can be applied. Whilst “big data” has now become commonplace as a business term, he reminds us of the recent calls for there to be much more published management scholarship that tackles the challenges of using such tools. The chapter responds to this call by presenting a case for why we need to complicate the field, and functions need to complicate themselves, to move forward. One of the problems that we face is that when data are “big”, then everything becomes statistically “significant”. To avoid being seduced by such reductionism, we need to use alternative, meta-theoretical approaches, and their associated techniques. The chapter argues there is a wider malaise in both research and practice as to what constitutes knowledge in general, and what counts as analyti-

cal evidence of *causality* in driving business outcomes. To make this clear, the chapter examines and critiques much of the research that is used to argue for the relationship between human resources management and performance. For Anthony Hesketh, the way forward is not to reject the quantitative form that is offered by analytics, but to move towards a purer form of what he calls “analytical argumentation” via a new form of analysis.

1.2.4 Key performance outcomes

The final three chapters of the book place HRM in its business context, and look at arguably the three most important performance challenges facing HR directors over the next few years: productivity, innovation, and globalisation.

In the aftermath of the global financial crisis, we see a lot of attention being given to productivity. In Chapter 10, Paul Sparrow and Lilian Otaye-Ebede address the challenges for the field of HRM created by this drive for productivity. Productivity may be thought of as one form of organisational resilience, but HRM researchers have only made limited inroads into the topic of productivity. This is unfortunate, because HR directors are likely to be tasked with contributing to fundamental workforce and business model transformations aimed at reversing what is now a serious productivity problem at national level.

In many areas HRM research – such as dealing with performance challenges including innovation, customer centricity, lean management – the demand-pattern for professional knowledge both inside organisations for practitioners, and for the academics studying these issues, is changing. Chapter 10 demonstrates this when it looks at the issue of productivity. It shows that the HR function has not been directly involved in helping the organisation think through the best ways to respond to the productivity challenge, except in some traditional sectors such as manufacturing. The HR function also tends to think in relatively narrow terms – looking to individual-level productivity activities such as building workforce skills, managing employee engagement to keep skilled employees delivering, and designing performance management systems and incentives systems such as performance-related pay to maintain control over the implementation of work. Yet, in order to be able to hold their own as a field of management, HR practitioners and researchers alike need to skill themselves up and integrate knowledge from other

fields in order to be able to demonstrate the complex people and organisational issues that will need to be resolved if firms and nations are to deal with the productivity challenge.

It argues that the study of performance drivers, or their enablers, presents both a “multi-level” and a “horizontal” problem. These challenges require different interventions at national (macro), organisational (meso), and task or business process (micro) level. They are also horizontal. Within any one organisation, the solution often sits “above” and “across” the traditional management functions, such as HRM. The challenges can only be properly understood and solved by cross-functional action and focus inside the organisation, but also connections to, and coordination across, people beyond the organisation (partners, supply chain, governments).

The chapter outlines two challenges – developments in national and organisational level productivity – and explains some of the main factors involved in organisation level productivity. It links the national and organisational agendas by drawing attention to areas such as the role of skills in improving productivity. The chapter uses a range of different productivity challenges across several sectors – such as supermarkets, fast food, oil and energy, aerospace, nuclear sector, healthcare, and on-demand business models – to demonstrate this. The examples are used to demonstrate the highly idiosyncratic nature of productivity strategies needed. It identifies three important contextual factors that HRM research will have to take into account: the role of time in the HRM–productivity challenge; the relationship between productivity, HRM, and risk; and the importance of understanding the most appropriate level of analysis question in examining the relationship between HRM and productivity. Finally, it argues that we need much better use of human capital metrics and HR analytics so that organisations, and important stakeholders such as the financial community, can get a better fix on the true health and future value of an organisation. The discussion of various productivity recipes in this chapter is also another example of the importance of the need for HRM researchers to understand the role of time, raised in Chapter 2. The examples given all show the subtle but crucial changes taking place in the way in which the organisations have to think about their effectiveness, and without an understanding of the evolutions or revolutions taking place in these productivity equations, practitioners and researchers alike can be blinded to the most appropriate solutions.

Of course, one of the key enablers of increased productivity will need to be innovation. In Chapter 11, Helen Shipton, Veronica Lin, Karin Sanders and Huadong Yang examine the relationship between innovation and HRM. Whilst the value of innovation at a corporate level, and of technical experts and R&D units, is well understood, we do not know that much about how organisations can leverage the insights and creativity of those performing day-to-day jobs. Yet this employee segment represents an unfathomable well of ideas. They examine the literature on recognising, leveraging and releasing the creative and innovative behaviours of employees across specialisms, and across levels of the hierarchy. They operationalise innovation as the intentional introduction of ideas that are valuable and novel within a specific context as their point of departure, and develop a four-stage conceptualisation to break it down into substages. The first two of these are individual: problem identification, and idea generation. The next two are collective in nature: idea evaluation and implementation.

The chapter identifies two areas that they believe would benefit from more focused attention. The first is distinguishing between environments where creativity and innovation is overtly required, as opposed to job roles where creative outcomes, while valuable, are not expressly called for as part of the job. In the same way that the job performance literature distinguishes between in-role versus extra role behaviours, there may be different (hidden) predictors of expected versus unexpected creative and innovative outcomes – different motivators for each type of job. They look at the impact that HRM can have on both of these sets of employees.

The second under-researched area is the effect that HRM has on individual creativity (idea generation) and the more collective process of innovation implementation. They highlight the top-down implications of HRM for job roles where creativity is expected versus those where there is no express requirement. In contexts where creative and innovation-oriented behaviours are discretionary, informal, workplace learning is likely to be at a premium. Innovation is often a by-product of other workplace goals. Common to both types of job, however, is the process of bottom-up emergence. HRM can play a very important role in facilitating this. They look at the way in which HRM can support and underpin employees' efforts not just to generate ideas, but also to work with others to foster their implementation.

In the final chapter, the book brings in an International HRM perspective. Chapter 12 on Globalisation and HRM by Chris Brewster, Adam Smale and Wolfgang Mayrhofer reminds us that all of the HR strategies and processes that are examined in this book are carried out in an increasingly globalised context. HRM is one of the least globalised of all the management functions, and regardless of whether the overall level of economic globalisation advances, slows down or retreats, there will be a process of catch up and realignment within the practice of HRM. Our understanding of HRM increasingly needs to take an international and comparative view, and this truism becomes particularly stark when we look at the significance of globalisation for HRM. As international integration and the growing interconnectedness of business increases, the outcome might be to strengthen the specific advantage of particular locations or subsidiaries, or it might be to increase standardisation around the globe. Standardisation in turn might take place between regions, countries or country clusters, or it may take place within MNEs, as they attempt to harmonise HRM practices and ensure local responsiveness as well as consistency across their foreign operations. HRM policies might diffuse around the world at all of these levels. However, most HRM research is still conducted in single countries.

Globalisation is examined in in the context of two of the main streams of research in IHRM: comparative HRM (CHRM), which examines the commonalities and differences in HRM between regions and nations; and HRM in multinational enterprises (MNEs), which examines the HRM policies and practices of organisations operating across national boundaries, particularly the management of MNE subsidiaries and knowledge transfer. There is a global/local tension not only in international business in general, but also across the extensive research in the field of IHRM. They examine the debates behind the “globalisation thesis”, which have focused on long-term developments towards convergence or divergence at the macro level of nation states, and the meso level of organisational practices. The chapter reminds us that the convergence thesis has not remained uncontested, with counter evidence coming from both cultural and institutional researchers.

To structure the review, both the comparative and MNE research are further broken down against the notions of context, time and process. These concepts are familiar to the business strategy literature, though less so to HRM researchers. In general business

literature context is often captured by the notion of contingency, such as differences in management processes created by the size of the business, the sector(s) in which it operates, the geography. Context is often framed as a tension, or duality, between attempts to create HRM standardisation, and the constraints imposed by the local environment.

We know a fair amount about how the desire of MNEs to standardise their HRM is often restricted by local contextual constraints that require them to compromise, but far less about how the local contextual norms and arrangements regarding HRM are influenced by MNEs and MNE subsidiaries. We also know much about the headquarters' view of HRM in MNEs, but are beginning to see more research adopting the subsidiary perspective and examining the contextual antecedents of reverse HRM transfer.

Reflecting the call made in Chapter 2 for us to incorporate and better understand the role of time – a call generally made in the interests of better theory building – Chris Brewster, Adam Smale and Wolfgang Mayrhofer incorporate this into their analysis. Time is very important to the CHRM stream (if country differences are decreasing, for example, then there is less value in studying them). But the existing MNE research is mainly cross-sectional, and it is almost impossible to make inferences about patterns of standardisation or differentiation over time. This said, we are now seeing some insightful, longitudinal, qualitative work mainly in the form of case studies, and this is revealing the important role played by power relations and micro-political processes in determining the use and effectiveness of different HRM control mechanisms over time.

However, they note that in addition to the role of context and time, very little attention has been given to the role of process – the means and mechanisms through which management operates – particularly in the international HRM field. This “process school”, as they call it, is drawing on the strategy-as-practice perspective in the strategy literature. We are seeing more attention now being given to how HRM practices, practitioners in a broad sense, and praxis interact and shape the way people-related decisions within organisations are made, implemented and enacted. We are seeing more emphasis being given to the role of key actors at higher levels, and the role of psychological processes at the individual level through which employees attach meaning to HRM.

As a final comment, we hope that this book serves to challenge, to stimulate and motivate, and to shape the HRM research agenda over the forthcoming years. We have drawn together a community of leading researchers who seem to be of one mind. The field of HRM is going to be one of the most exciting and challenging areas of management research.