



Uncovering configurations of HRM service provider intellectual capital and worker human capital for creating high HRM service value using fsQCA



Jeroen Meijerink*, Tanya Bondarouk

University of Twente, Drienerloaan 5, 7522 NB Enschede, The Netherlands

ARTICLE INFO

Keywords:

Intellectual capital theory
Consumer perspective
Value
Configurations
Human resource management
Service Dominant Logic

ABSTRACT

Although traditionally applied independently, this study combines two theoretical perspectives – the intellectual capital theory and the consumer perspective – to uncover value-creating configurations of human resource management (HRM) service providers' and workers' knowledge resources. We examined workers' perceptions of the value of provided HRM services using data from a sample of more than 2000 workers and the HR professionals that serve them. Using fuzzy set qualitative comparative analysis techniques, we found that the HRM provider's intellectual capital is a necessary, but not always sufficient, condition for high HRM service value. Further, our results show that workers can fulfil a 'substitute for competence role' when they rely on their own well-developed knowledge and skills to substitute for HRM professional inabilities. Accordingly, this study highlights the need for studying value co-creation in HRM research, that is, how both HR professionals' and workers' attributes and actions interrelate for explaining the outcomes of HRM services.

1. Introduction

The provision of services is often associated with a firm's services for external customers. However, many so-called support functions within a firm offer their services to internal customers (i.e. workers) who receive internal support services such as procurement, information management, and housing services. Research has cumulated evidence which shows that the value of internal support services to workers is positively associated with worker retention (Wildes & Parks, 2005) and service quality for external customers (Schneider, White, & Paul, 1998). Of all internal services, we see the value of human resource management (HRM) services as one of the most significant as it adds to workers' organizational commitment (Gilbert, De Winne, & Sels, 2011) and performance (Edgar & Geare, 2014). Therefore, in this paper we study HRM service value for workers, which is defined as the perceived quality versus costs of HRM services, provided to workers by an HRM service provider internal to the firm.

Extant research relied on two different theoretical perspectives to identify two primary conditions that drive value creation: the intellectual capital of the provider (in our case: an HRM service provider that employs a collective of HRM professionals who offer HRM services to workers) and the human capital of the recipient (in our case: workers who receive and make use of HRM services). The first perspective – intellectual capital theory – proposes the knowledge resources that a service provider develops, shares and codifies as a critical determinant

of service value (Reed, Lubatkin, & Srinivasan, 2006; Youndt, Subramaniam, & Snell, 2004). The other perspective – the consumer perspective – focuses on the human capital of service recipients, that is, their knowledge, skills and abilities to effectively utilize and thus create value out of a service (Priem, 2007). In HRM research, both perspectives have been applied independently to show that the intellectual capital of HRM service providers as well as human capital of workers – i.e. internal recipients of HRM services – is associated with high HRM service value as perceived by workers (Boselie & Paauwe, 2005; Meijerink, Bondarouk, & Lepak, 2016).

In this paper we argue that our understanding of HRM service value improves when combining both perspectives as it allows to remedy some of the inconsistencies associated with each perspective. Namely, intellectual capital theorists largely overlooked service recipients (including workers) in the analysis of knowledge utilization for value creation. The consumer perspective complements intellectual capital theory in this respect, by highlighting consumer human capital as a factor that enables service recipients to effectively utilize the resources provided (Priem, 2007). At the same time, the consumer perspective remains silent on the resources that would support providers in improving the human capital of service recipients (Meijerink et al., 2016; Priem, 2007). Here, intellectual capital theory complements the consumer perspective by proposing provider knowledge resources for strategy enactment.

This study aims to examine the complementarity mechanisms

* Corresponding author.

E-mail addresses: j.g.meijerink@utwente.nl (J. Meijerink), t.bondarouk@utwente.nl (T. Bondarouk).

between the intellectual capital and consumer perspectives. We do so by exploring value-adding configurations of the intellectual capital of HRM service providers and human capital of workers. This configuration analysis allows us to make three important contributions. First, it allows us to introduce and differentiate between the *necessity* and *sufficiency* of consumer human capital and provider intellectual capital to produce high service value. According to configuration theorists (Fiss, 2011) this is important as it helps resolving inconsistencies in observed correlation effects. Namely, besides finding positive effects, existing research also showed that intellectual capital of HRM service providers and human capital of workers can be insignificantly correlated to HRM service value (Boselie & Paauwe, 2005; Meijerink & Bondarouk, 2013). Our configuration analysis compares the necessity and sufficiency of provider and recipient resources to provide an explanation for these observed inconsistencies.

Second, we examine whether provider intellectual capital and consumer human capital synergize or substitute in creating configurations that are sufficient for creating high service value. Since, in the past, the intellectual capital and consumer perspectives have been individually and separately applied, we do not know what “happens” inside configurations where the two theories meet. Gaining this knowledge will help to further uncover observed inconsistencies while it provides insights into how provider intellectual capital and consumer human capital each represent a condition against which the other can impact on service value.

Finally, although existing HRM studies build on configuration theory's *equifinality principle* (Delery & Doty, 1996), they found it challenging to empirically test this principle (Renkema, Meijerink, & Bondarouk, 2016). The principle of equifinality applies exclusively to open systems, as opposite to closed systems where processes occur in machine-like structures and follow a fixed pathway. While HRM services have been regarded as open systems, HRM researchers have limitedly studied the equifinality of paths that lead to HRM outcomes. This is understandable as the notions of high quality resources (knowledge, skills and abilities) do not lend easily to quantitative interpretations. We took the challenge to empirically showcase the equifinality principle where multiple configurations of service provider and recipient resources are equally effective for creating high value of HRM services. For this challenge we use a relative new methodology: fuzzy set qualitative comparative analysis (fsQCA).

2. Theoretical background and hypotheses

2.1. HRM service value for workers

In this study, the focal outcome variable is the value of internal HRM services (or: HRM service value). HRM services are provided by intra-organizational units such as corporate HR departments, HR shared service centres and centres of HR expertise (Farndale, Paauwe, & Hoeksema, 2009; Ulrich, Younger, & Brockbank, 2008). The majority of these units employ multiple HRM professionals who are jointly responsible for providing workers with HRM services such as payroll administration, personnel record keeping and training. On this basis, we refer to a provider of HRM services as a collective of HRM professionals that work within an intra-organizational unit that is tasked with providing HRM services to workers (Maatman, Bondarouk, & Looise, 2010).

The notion of value has stimulated a significant debate among HRM scholars, and as Lepak, Smith, and Taylor (2007) observed, “considerable disagreement and confusion remain among scholars on the nature of value creation” (p. 190). Entire papers have been dedicated to examining value, adding even more confusion to the subject (Barney & Clark, 2007; Bowman & Ambrosini, 2007; Kaufman, 2015). Proponents of the Resource Based View (RBV), for example, define value as “the difference between perceived benefits, or customer willingness-to-pay, (...) and economic costs” (Barney & Clark, 2007: 25).

Kaufman (2015) explains it as the RBV sees value as a total surplus that is divided between the firm (who “sells”) and customer (who “buys”). Considerations from the Strategic Factor Market imply that in perfect competition, prices are shaved away until they just cover firm's production costs (Kaufman, 2015), and thus, total value created by a firm, is fully distributed to consumers.

Certainly, HRM scholars are aware of these notions from the strategic management field. However, so far the HRM research field develops through an ongoing repetitive wheel in an attempt to integrate discussions about the strategic value of HRM services that has centred around various concepts such as effectiveness, firm performance and competitive advantage (see for an overview, Kaufman, 2015). The ten year old definition of value suggested by Lepak et al. (2007) brings these concepts together in an integrated definition of value as a difference between use value (i.e. the quality for the service recipient) and exchange value (i.e. price of the product or service). At the same time, this conceptualization also falls short as it ignores the firm's surplus. Bowman and Ambrosini (2007) seem to resolve this issue. Their suggestion is to keep the differences between quality and costs but to differentiate measures of value across firms' stakeholders. They suggest that total value should be accommodated from value to customers, value to workers, and value to firm.

From the discussion above, we narrow our conceptualization of HRM service value as the quality versus costs of HRM services as perceived by a worker. As such, we stress the service management perspective that emphasizes the importance of perceptions of value by a recipient (Blocker, 2011). Here, recipients refer to the workers that receive and make use of HRM services such as payroll administration, personnel record keeping and training (Meijerink et al., 2016).

Our conceptualization highlights two important features of service value. First, HRM service value is seen as a surplus such that the value of HRM services increases when workers perceive that their quality increases and/or costs decreases. Previous studies have found that service quality, in an HRM setting, is a multidimensional construct that consists of the quality of HRM service products (including the responsiveness and reliability of HRM services) and the quality of HRM service processes (including the empathy and assurance of HRM services) (Gilbert et al., 2011; Meijerink et al., 2016). In service marketing research, the costs of services have been conceptualized as *monetary costs* – i.e. the price paid by service recipients for acquiring a service – plus *non-monetary costs* – i.e. the time, effort and energy recipients spend to co-produce and consume a service (Blocker, 2011). In general, when receiving HRM services, workers do not pay a fee and, therefore, it is unlikely that they experience HRM services as having a monetary cost. Nevertheless, workers are involved in the delivery of HRM services and therefore they do experience non-monetary costs when they spend time, effort and energy on, for example, attending a training, applying for secondary benefit packages or administering personnel records (Meijerink et al., 2016). On this basis, we consider the costs of HRM services for workers to be non-monetary in nature and see them as the time, energy and effort spent by workers during the delivery/use of HRM services.

Second, our definition highlights that the value of HRM services reflects a perception held by a worker. This is in line with the idea that each individual service recipient can have a personal and highly idiosyncratic view on the value of a service which can deviate from the actual quality and/or cost of a service (Priem, 2007). Furthermore, as discussed before, different stakeholders – such as external consumers, workers and shareholders – experience value differently while they have different interests (Bowman & Ambrosini, 2007). HRM research provides empirical support for the idea to conceptualize the value of HRM services as a *perception* of quality versus costs held by a worker. Namely, it shows that workers who perceive HRM services to be of high-quality are more committed to the organization and perform better than those who experience low HRM service quality (Edgar & Geare, 2014; Gilbert et al., 2011; Wildes & Parks, 2005). Also,

Download English Version:

<https://daneshyari.com/en/article/5109307>

Download Persian Version:

<https://daneshyari.com/article/5109307>

[Daneshyari.com](https://daneshyari.com)