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The process of strategic work modeling: Drawing clear connections between organization strategy and human resource management practices

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EXECUTIVE SUMMARY

Aligning employee attitudes and behaviors with organizational strategy remains an elusive goal for many firms. This problem is compounded by the difficulty in measuring the impact that management efforts have on forging alignment between employee attitudes, behaviors, and strategic outcomes. Research demonstrates that HR practices impact bottom-line performance through best practice implementations and by aligning bundles of HR practices with general management objectives such as a focus on employee empowerment, motivation, or job skills. However, in order to be strategic, HR practices must contribute to the unique, value-creating outcomes that implement the firm's strategy. A primary role of the HR function in being strategic is to generate shared mental models among employees of the kinds of attitudes and behaviors that are important for the firm to carry out its strategy. This article demonstrates the importance of conceptualizing strategy using activities rather than resources and introduces the process of strategic work modeling, whereby strategic analysis is conducted with a focus on the value generating activities of the firm. These activities serve as the basis for determining the employee attributes that are necessary to implement the organization's strategy. This method is abstracted from functional job analysis, and provides concrete, measurable links between the firm's value proposition and the activities and outcomes that are necessary to fulfill that value proposition. Strategic work modeling demonstrates a configural, emergent management perspective by combining an activities-based perspective of strategy with the resource based view when exploring the relationship between firm strategy and HR management. Strategic work modeling also integrates existing methods of strategic analysis and job analysis in a novel way to provide practitioners with deep insight into the connections between their firm's strategy, HR and management practices, and employee attitudes, behaviors, and outcomes.

THE STRATEGIC ROLE OF HRM

Strategic HR systems are generally accepted to be embedded in the specific context of the firm, but scholars are uncertain as to the mechanisms through which HR systems evolve with the firm's strategy. The ability to measure the success or effectiveness of the HR system is severely constrained when these mechanisms are not clear. The purpose of this paper is to provide a practical method to conceptually link the goals and outcomes of the HR system to the primary and unique value generating activities of the firm. In doing so, the intent is to provide a pathway through which the strategic role of specific HR implementations can be understood and assessed.

Current conceptualizations of the HR system promote its role as serving to enhance individual employee performance through efforts to increase skills, motivation, and empowerment. From a strategic perspective, this focus on the individual under-emphasizes the linkage between individual-level objectives and firm-level strategy. Furthermore, the bundles of HR practices relevant to this conceptualization are applicable across broad categories of strategic outlooks (for example, service oriented firms would generally support motivational and empowerment enhancing bundles), thereby reinforcing the traditional perspective of the HR field as pursuing generalizable management practices that are applicable across contexts. The study of firm strategy, on the other hand, is concerned with isolating firm-specific, highly contextualized attributes that contribute to

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strategic value. These contrasting objectives suggest that greater insight can be achieved by incorporating the specific context of the firm into decisions around the strategic role of HR practices. This paper provides a method to connect the goals and outcomes of the HR system to the primary activities the firm performs in order to generate unique value for the customer.

Organization strategy has been defined broadly as a way of developing and communicating the direction of a business, and more specifically as the way in which a firm utilizes its resources to create a unique position in its market. The literature on the strategic contribution of HR to the firm does not clearly distinguish between contribution to the firm's bottom line (i.e., to operational or financial performance) and contribution to strategic effectiveness. While the literature is clear that HR practices, in the form of high performance work practices (HPWP), contribute to bottom line performance, it is less clear whether this contribution is strategic, or merely a contribution to organizational efficiency. Michael Porter's perspective on organization strategy points out that while contributions to organizational efficiency are necessary for survival, they are not necessarily strategic contributions. HR systems are strategic to the extent that they provide practices that align individual goals with organizational strategic goals; the difficulty lies in demonstrating that this alignment has occurred.

IDENTITY AND SITUATIONAL STRENGTH AS STRATEGIC LEVERS OF VALUE CREATION

Organizational identity represents the extent to which organizational members recognize and connect with a common set of values that define the central characteristics of the group. Based on the central importance of the firm's value proposition, which represents the basic benefits that the firm brings to the customer, a strategic organization is one that is able to meaningfully communicate its value proposition to employees such that employees develop shared perceptions of the value proposition and understand how to embed their tasks within and relate the outcomes of these tasks to that context. Organizational identification, therefore, provides a mechanism to align the superordinate values of the individual with the central, strategic values of the firm, and the value proposition provides a strong platform on which organization identification can be based. When individual and organizational values overlap, individual decisions, which are likely to be consistent with individual superordinate goals are also more likely to align with organizational goals. This is one reason why many successful organizations have a strategy that is closely linked to a clear organizational identity; for example, Patagonia is a clothing company that bases its identity in sports that connect individuals with nature. The strategic decisions and actions of the firm are all guided by this identity. This alignment through identification provides the guiding principles through which concerted actions emerge and acquire structure. This forms the basis of an emergent strategic organization that acquires its structure based on its own unique attributes rather than on common industry practices, provided that the critical features of that organizational identity complement the firm's strategy, and are uniformly interpreted.

Another means of aligning individual behaviors with strategic organizational goals to achieve concerted efforts is the creation of situational strength around the attitudes and behaviors that are strategic to the firm. Walter Mischel's theory of situational strength suggests that individual behaviors can be attributed to individual differences or environmental constraints, depending on the strength of the environmental signals that can guide individual behaviors. A strong situation is engendered when environmental constraints are clear, consistently understood, with clear expectations of the most suitable behavior, and when incentives are present for the demonstration of those behaviors. Strong situations act to constrain individual differences in behaviors, thereby suggesting that a powerful influence on strategy can be clear and consistent management structures and practices that act to create situational strength around the firm's strategic intent.

Mischel refers to a traffic signal as an example of a strong situation; when the signal is red, road users understand that it is a stop signal (i.e., uniform construal), and that they must stop before entering the intersection (i.e., consistent understanding of the most appropriate behavior). Furthermore, the incentives to follow these norms are very strong (i. e., adequate incentives), and to the extent that road users are able to control their vehicle (i.e., skills necessary to perform the behavior), there is almost total conformity in behavior across individuals. However, a yellow traffic signal could be considered a weak situation; while there may be uniform construal of a yellow signal, there are often inconsistent interpretations of the most suitable behavior. A yellow signal instructs road users to clear the intersection. To some users, this might mean to not enter the intersection, while to others this might mean to accelerate through the intersection before the signal turns red. In the weak situation of a yellow traffic signal, individual differences emerge and behaviors are less uniform and predictable. Situational strength through HR practices relates closely to the attraction-selection-attrition (ASA) framework, whereby the norms and climate within the firm develop to reflect the people within the firm, and where newcomers are drawn to the firm and selected by it according to their similarity to those already within the firm. Accordingly, organizational identification, concertive control, situational strength and the ASA framework all reflect the notion that high performance occurs when norms (essentially the climate or climates) and behaviors are similarly interpreted and enacted. HR practices that play a role in this alignment around the firm's strategy must be consistent in communicating the value proposition, and to the extent that the value proposition is unique, so too must be the combination and use of HR practices.

The strategic HR literature has yet to bridge the gap between best practices and firm specificity. In other words, the study of strategic HRM to date has been focused on resource-side strategy, with considerably less attention paid to a demand-side strategic perspective. Resource-side strategy is concerned with explaining how value is *captured* within the firm, whereas demand-side strategy focuses on how the firm *creates* value. Demand-side research suggests more of a focus on activities (i.e., how value is generated)

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