



A hybridism model of differentiated human resource management effectiveness in Chinese context

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ABSTRACT

This paper brings the differentiation perspective of human resource management (HRM) to China's context of economic transition, and constructs a hybridism rationale to explain the distinctive characteristics of Chinese HRM. We respectively discuss the effect mechanisms of commitment-based, control-based, collaboration-based, and contract-based HRM archetypes in China. Then, by comparing the paths of HRM evolution taken by China and the West, we explore the dynamic logics of fit between macroeconomic institutions (economic centralization or laissez-faire) and the organizational tradeoff of hybrid HRM approaches. Ideas for future research and practical implications are discussed.

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1. Introduction

The globalization of today's business world brings to scholars' attention the problem of reconstructing managerial theories and analyzing their practices, from both global and local perspectives. In specific, researchers are paying close attention to the role of contextualization in management. That is especially true in the context of Chinese management, where management practices are significantly influenced by contextual factors, including human resource management (HRM) (Tsui, 2006). There is a need to integrate Western theories into Chinese contexts in order to achieve theoretical innovation (Whetten, 2009). Among others, scholars such as Tsui (2007) suggests that both “outside in” and “inside out” approaches are necessary in the approach to international research for a better understanding of existing phenomena and for extrapolating better theories in management research. Within this context, we introduce the recently emphasized theoretical perspective of strategic human resource management (SHRM) differentiation and indigenous HRM in China, in order to generate an integrative theoretical model and propositions for further discussion.

Some historic and empirical observations indicate that Chinese HRM practices have unique characteristics, which differ from the developmental paths of Western ones (e.g. Child, 1994; Warner, 1995, 2000). Some empirical evidence also demonstrated that the applicability of Western corporate HRM to Chinese local subsidiaries was questionable (e.g. Björkman & Lu, 1999), and the construct of human resource practices (e.g. high commitment work practices) in China was contextually different from those in the Western literature (Xiao & Björkman, 2006). That is, as the evidence stands, the cultural context and background of institutional transformation with Chinese characteristics matter. As pointed out by Warner (2008), during its economic reform China “did not merely replicate foreign models uncritically. Where they have implanted overseas economic management practices since the late 1970s, they did so by incorporating them into [the] Chinese ‘way of doing things’” (p. 771).

The so-called “Chinese characteristics” HRM practices cannot be described or explained from either a Western or Eastern framework, but there needs to be a type of hybrid archetype which combines the new and old way of people management,

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merging the Western with Chinese HRM practices (Warner, 2008; Zhou & Zeng, 2008). Based on this idea, the present paper attempts to provide a differentiation perspective of the SHRM explanation for the coexistence of hybrid HRM systems in China. Specifically, we contribute by pinpointing the particular mechanisms through which diverse HRM configurations comprehensively affect firms' competitive advantages.

The paper is structured as follows: First, we present an HRM differentiation perspective to challenge the best practice view of SHRM by tracking the recent arguments for alignments between HRM and strategic capabilities (Becker & Huselid, 2006; Zhou & Hong, 2008). Second, by reviewing empirical and theoretical studies on HRM effectiveness based on the evidence from both the West and China, we propose a hybrid rationale to indicate the distinctive characteristics of Chinese HRM; then we specifically show the mechanisms of four typical HRM archetypes' (commitment-based, control-based, collaboration-based, and contract-based HRM) effects on an organization's divergent outcomes in China. Third, by comparing the different evolutionary paths of HRM practices between the West and China, we explore the contingent logic between macro-level economic institutions and organizational-level HRM alternatives. Lastly, implications are drawn for both theoretical development and practical improvement.

2. A differentiated perspective in strategic HRM

The central tenet of SHRM is that people are considered strategic resources that are valuable to firms (Pfeffer, 1998). The determination of best practices for a firm is the equivalent of guessing the contents of a black box. These best practices, then, tend to be adopted by successful firms and are supposed to be effective in all situations (Pfeffer, 1995). Examples of best HRM practices are packaged as work systems such as “high performance” (Combs, Liu, Hall, & Ketchen, 2006; Huselid, 1995), “high commitment” (Arthur, 1994), and “high involvement” (Guthrie, 2001).

However, the existence of such best practices is generally questioned. Actually, there is no consistent conceptualization of what constitute best practices across organizations (Becker & Gerhart, 1996). Moreover, the SHRM field is further developed to include the perspective of best fits (Boxall & Purcell, 2000), or the contingency approach (Delery & Doty, 1996) which argues for the fit between HRM practices and both external and internal contexts of firms (Datta, Guthrie, & Wright, 2005; Jackson & Schuler, 1995; Tsui, Pearce, Porter, & Hite, 1995). The contingent logic captures the variance of HRM across organizations with different contexts.

Recent endeavors emphasize the variance of HRM systems within organizations. This is recognized as the perspective of *HRM differentiation* (Becker & Huselid, 2006; Becker, Huselid, & Beatty, 2009; Zhou & Hong, 2008). Earlier, Lepak and Snell (1999, 2002) constructed a rationale of exploiting divergent employment models to target heterogeneous human capital in organizations. Likewise, Becker and Huselid (2006) and Becker et al. (2009) advocate another paradigm that organizations' capabilities determine differentiated HRM practices. Since *capability* has been considered a series of “specific and identifiable processes” (Eisenhardt & Martin, 2000, p. 1106) constituting resources that create competitive advantage for organizations, there need to create diverse HRM systems that couple with those processes.

In turn, the differentiated HRM settings serve as a pivotal bridge to incorporate an integrative alignment among diverse processes and a heterogeneous workforce, constituting a “complex system” (Colbert, 2004) that supports a firm's competitive advantage. Furthermore, following the consistency of organizational strategic processes (Teece, Pisan, & Shuen, 1997), Zhou and Hong (2008) present the notion of complementary similarities among differentiated HRM systems that have been targeting those respective processes. Instead of advocating for one system over another, it emphasizes the coexistence and complementary interaction of multiple HRM systems.

In summary, contrary to the simplicity and insufficiency of the best practice view, the differentiation perspective provides broad opportunities to examine intricate HRM structures in organizations. Consequently, there are adequate possibilities of employing this perspective for analyzing the complexity of HRM in China.

3. Hybridism: Effectiveness of differentiated HRM in China

3.1. HRM hybridism under China's economic transition

The past two decades have seen significant change in employment relations across the world. Katz and Darbishire (2000) labeled the tendency as “converging divergences.” In other words, as worldwide workplace union power has declined, variation in employment patterns and work practices has dramatically increased. This global trend, in addition to the Chinese rapid economic transformation, provides a particular context for analyzing the effectiveness of human resource practices embedded in hybrid employment systems. This latter aspect in turn offers a broader stage from which to study HRM differentiation issues in the particular context of China.

China has transformed from a planned economy to a market economy since its opening in 1978. Translating the effects of economic reform to the organizational level, enterprises of diverse modalities coexist in this country departing from the monopolistic dominance of State Owned Enterprises (SOEs) decades ago. While in the process of rapidly connecting with the international economic system, organizational management in China is facing challenges among diverse practices from different backgrounds.

On the one hand, Chinese managerial practices at the firm level have been developed in parallel with international standards, principally with management approaches from America, Japan, and Europe (Warner, 2008). A recent Human Resource Development Report of China (Lin, 2006) collected data from 1883 Chinese enterprises and demonstrated that in general Chinese

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