

A Note on HRM and Performance

In the discipline of HRM there is currently a quest to find ‘the Holy Grail of establishing a causal link between HRM and performance’ (Legge 2001: 23) - abbreviated here to the HRM-Performance link. A small army of researchers, armed with the very latest ‘scientific’ methods, empirical data and statistical techniques, are busy searching for this link. Current HRM and related journals bulge with empirical studies, each one investigating slightly different bundles of HRM practices, slightly different mediating variables, slightly different measures of performance, and each one coming up with slightly different results. Despite this outpouring of empirical research, the HRM-P paradigm is beset by serious theoretical and meta-theoretical shortcomings that no-one is really interested in discussing. The aim of this short note is to highlight two such shortcomings.

First, let us consider the empirical evidence. Boselie, Dietz & Boon’s (2005: 81-2) conclusion is probably a fair summary of the current state of play. They write: ‘A steady body of empirical evidence has been accumulated since the pioneering days of the mid-1990s...Ten years on the ‘Holy Grail’ of decisive proof remains elusive’. For overviews of the evidence see Wall and Wood (2005); Godard (2004); a slightly more ‘theoretical’ review by Wright & Boswell (2002); a recent overview of the main models by Zheng, Morrison and O’Neill (2006); and a meta-analysis by Combs, Lieu, Hall & Ketchen (2006). The best we can say about the empirical evidence, then, is that it is inconclusive. But this raises an important question. Does the absence of a stable, quantifiable, measurable, empirical and statistical link between HRM and organizational performance necessarily mean that HRM practices are unconnected to organisational performance? The answer is; it might, but then it might not. Indeed, the absence of this kind of link is compatible with the possibility that a well managed workforce *tends* to cause an increase in organisational performance. The tendency might just not manifest itself in the kind of quantifiable, measurable, empirical and statistical link of the kind currently sought after by empirical researchers through techniques such as regression analysis. If social systems in general, and the workplace in particular, are open, multiply caused, complex, evolving and subject to the exercise of human agency, then they are most unlikely to generate mechanistic causal links of the kind ‘x causes y, causes z’. Unfortunately, causal links of this kind are all that statistical techniques like regression can deal with. Empirical researchers investigating the HRM-P link run into the classical problem analogous to the drunk dropping his front door keys; he can only look for them under the light, even if they have fallen in the shadows. The real problem lies in the way causality is (mis)conceived within positivist philosophy of science and the methods and statistical techniques positivism sponsors.

Second, whilst the amount of empirical research has mushroomed, theoretical development has failed to keep pace, leading to a problem of under-theorization. As Guest (1997: 267) put it a decade ago: ‘To understand as opposed to measuring the performance, we need to make these linkages. There may be an association between HRM practices and company profit, but without some linkages, we will not know why: we have no theory’. Unfortunately, however, even those empirical researchers who recognize the problem tend to suggest that it will be overcome and theoretical foundations will emerge and develop, if researchers continue doing more, and/or better, quantitative, empirical, statistical work. Herein lies the blind spot of the

paradigm. As Anthony Hesketh and I have been at pains to point out, no amount of empirical work will generate the missing theory. Yet because empirical researchers are committed to positivism and the methods and statistical techniques positivism sponsors, virtually no-one is doing the kind of work that might eventually lead to theory.

As long as researchers on the HRM-Performance link remain committed to positivism, they are destined to remain searching for the kind of causal relation that does not exist in the social world, and the paradigm will remain under-theorized.

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References and further reading

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