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In the twenty-first century business landscape, firms must compete in a complex and challenging context that is being transformed by many factors ranging from globalization, technological advancement, changes in customer tastes and preferences, to rapid environmental changes. This new landscape requires firms to search for better competitive approach for modern business as the traditional concerns and orientations of the human resource function do not respond adequately to fundamental environmental changes particularly in product market conditions. Strategic human resource management looks at human resource areas in which specific human resource strategies need to be developed. It views the people of the organization as a strategic resource for the achievement of goals. This research paper attempts to integrate strategic human resource management and the best practice, best fit and configurational approaches in order to provide a theoretical framework that can be a source of sustainable competitive advantage. An overview of related literature and past studies in this area by the authors indicate that sustained competitive advantage could be generated form a firm’s human capital by designing strategic human resource management to diagnose a firm’s strategic needs which is required to implement a competitive strategy and achieve operational goals.

Key words: Strategic human resource management, Performance

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Introduction
Strategic human resource management (SHRM) is a new paradigm in managing human resource (HR) in the modern organization. It is hinged on the understanding that the most critical resource that any organization must provide itself of is the HR, since it takes HR that is responsible for coordinating the other factors of production to spur corporate performance (Armstrong, 2006). SHRM is therefore an approach to the strategic management of HR in accordance with the intentions of an organization on the future direction. The focus of this paper is on three theories: universalistic, contingency and configurational. Universalistic scholars (Luthans & Summers, 2005; Pfeffer, 2001) argue that there is a set of superior HRM practices which if adopted by a firm, would lead to enhanced organizational performance. A different point of view is held by the contingency scholars (Wright, Gardner & Allen, 2005) who argue that there is no universal prescription of HRM practices; it is all contingent on an organization’s context, culture and business strategy. According to Wilkinson (2002), the configurational theory emphasizes on the importance of achieving both internal and external fit in the organization.

Concept of Strategic Human Resource Management
The central feature of SHRM as broadly agreed by scholars involves designing and implementing a set of internally consistent policies and practices to ensure that firm human capital contributes to achieving business objectives. Strategic HRM emphasizes the need for HR plans and strategies to be formulated within the context of overall organizational strategies and objectives, and to be responsible to the changing nature of the organization’s external environment (Armstrong, 2006).

According to Beardwell and Holden (2004): Armstrong (2006), the fundamental aim of SHRM is to come up with rational plans that will ensure that at all time, the organization has the skilled, committed and well motivated staff it needs to achieve and sustain competitive edge, and where the interests of the key organization stakeholders have to be addressed. The concept of SHRM is derived from the concepts of HRM and strategy, which takes the HRM model with its focus on strategy, integration and coherence and adds to that the key notions of strategy, namely, strategic intent, resource-based strategy, competitive advantage, strategic capability and strategic fit.

According to Armstrong (2006), there are two key concerns of strategic HRM: Resource capability and strategic fit. Boxall et al., (2003) states that resourcing capability is concerned with the acquisition, development and retention of intellectual capital, with the aim of developing the right HR who are of distinctive capabilities to help a firm achieve and sustain competitive advantage. Strategic fit matches the organization strategy and objectives with HR capabilities required, in a dynamic environment. The approaches to attaining this strategic fit are: Best practices, best fit and configurational / bundling (Armstrong,
Best Practice Approach

From a universalistic perspective, SHRM is considered to positively influence firm performance by the universalistic scholars, who assume that SHRM could help firms improve their human resources cost benefits, promote operating performance benefits increase motivation and revolution ability, and increase organizational performance benefits (Dyer, 1983). Other authors assert that SHRM is an efficient function that copes with environmental changes. SHRM directly and indirectly benefits companies because it changes passivity into initiative, transmits organizational goals clearly and encourages the involvement of line-managers, as indicated by Gomez-Mejia et al (1995). It has been argued by Welbourne et al (1996) that SHRM positively influences firm performance because it generates structural cohesion, an employee-generated synergy that propels a company forward, enabling the firm to respond to its environment while still moving forward.

There is growing empirical evidence suggesting that people are the pre-eminent organizational resource and the key to achieving outstanding performance. Progressive HRM practices, including selectivity in staffing, training, and incentive compensation are positively related to perceptual measures of organizational performance, (John et al, 1996) and has contributed to improved performance of firms.

It is widely held that people provide organizations with an important source of sustainable competitive advantage. Through HR, HR activities are frequently acknowledged to play a central role in linking employee capabilities with the performance requirements of a firm. Huselid (1995) observed that investment in HR activities such as incentive compensation, selective staffing techniques, and employee participation result in lower turnover, greater productivity, and increased organizational performance through their impact on employee skill development and motivation.

The universalistic scholars consider SHRM to positively influence firm performance and assume that SHRM can help firms improve their HR cost benefits, promote operating efficiency, increase innovation and revolution ability, and increase organizational performance benefits (Dyer, 2003). The most influential best practice set is associated with the seven practices as summarized by Pfeffer (2001). These include: employment, security, selective hiring, self managed teams, provision of high pay contingent on company performance, extensive training, reduction of status differences and sharing information. There is growing empirical evidence suggesting that people are the pre-eminent organizational resource and the key to achieving outstanding performance. Progressive HRM practices including selectivity in staffing, training and incentive compensation are positively related to perceptual measures of organizational performance and have contributed to
performance of firm (Scholes & Johnson, 2007).

Support for universalistic theory comes from several other studies. For example, Huselid (2005) notes that all else being equal, the use of high performance work practices and good internal fit should lead to positive outcomes for all types of firms. Delery and Doty (2000) find relatively strong support for the universalistic argument and suggest that some HR practices always have a positive effect on performances. It is widely held that people provide organizations with an importance source of sustainable competitive advantage. Human resource activities are frequently acknowledged to play a central role in linking employee capabilities with the performance requirements of a firm. Huselid (2005) observed that investment in HR activities such as incentive compensation, selective staffing techniques and employee participation result in lower turnover, greater productivity and increased organizational performance through their impact on employee skill development and motivation. Pfeffer (2001) has made a case that firms wishing to succeed in today’s global environment must make appropriate HR investments to acquire and build employees who possess better skills and capabilities than their competitors.

**Best Fit Approach**

From a contingency perspective, scholars have argued that HR strategy would be more effective only when appropriately integrated with a specific organizational and environmental context. Scholars have long held that, in addition to internal organization characteristics, environmental characteristics also significantly influence firm performance, since the external environmental characteristics represent customer demand and the nature of market competition, which are important determinants of firm performance (Pfeffer et al, 1978). Thus, SHRM is not the ultimate factor that contributes to improved firm performance; it has to be integrated with other factors.

According to the contingency approach to SHRM, the impact of HR practices in firm performance is conditioned by an organization’s strategic posture. A firm’s approach to competition depends on, or makes use of the talents and capabilities of
employees, then HR practices would be more likely to have an impact on performance; otherwise the connection between HR and performance might be minimal (Schuler & Jackson, 1987; Dyer, 2005).

Vertical integration between business strategies or the objective of the business and individual behaviour and ultimately individual, team and organizational performance is at the fore of core models of SHRM. Inherent in most treatments of fit is the premise that organizations are more efficient and/or effective when they achieve fit relative to when a lack of fit exists (Legge, 2005). This vertical integration or ‘fit’ where ‘leverage’ is gained through procedures, policies and processes is widely acknowledged to be a crucial part of any strategic approach to the management of people (Dyer, 2005). The best fit therefore ensures an explicit link or relationship between internal people processes and policies and the external market in business strategy, and thereby ensures that competences are created which have a potential to be a key source of competitive advantage (Wright, Gardner & Allen, 2005).

Wright et al (1995) found that organizations exhibited higher performance when they recruited and acquired employees possessing competencies consistent with the organization’s current strategies. They also found that organizations exhibited higher performance when they sought out a strategy that matched their current employees’ competencies, meaning that besides SHRM, other strategies have to be embraced with it to enhance firm performance. Youndt et al (1996) in their early research explored the link between HRM and strategy and performance and their findings support a contingency approach to HRM. They did this by hypothesizing about a number of possible relationships between strategy and performance. So, unless SHRM is integrated with other approaches, its influence may not translate to improved firm performance.

**Configurational/Bundling Approach**

A key theme that emerges in relation to best-practice HRM is that individual practices cannot be implemented effectively in isolation (Storey, 2007) but rather combining them into integrated and complementary bundles is crucial. MacDuffie (2005) argues that a ‘bundle’ creates the multiple, reinforcing conditions that support employee motivation, given that employees have the necessary knowledge and skills to perform their work effectively (Stavrou & Brewster, 2005). In the configuration school, cohesion is thought likely to create synergistic benefits which in turn enable the organization’s strategic goals to be met.

The approach of bundling is holistic as it is concerned with the organization as a total entity and addresses what needs to be done as a whole in order to enable it to achieve its corporate strategic objectives. The aim of bundling is to achieve coherence which exists when a mutually reinforcing set of HR practices have been developed that jointly contribute to the attainment of the organization’s strategies for matching resources to organization needs, improving
performance and quality and achieving competitive advantage in commercial enterprises (Armstrong, 2006).

A firm with bundles of HR practices should have a high level of performance, provided it also achieves high levels of fit with its competitive strategy (Richard & Thompson, 1999). Emphasis is given to the importance of bundling SHRM practices and competitive strategy so that they are interrelated and therefore complement and reinforce each other. Implicit in is the idea that practices within bundles are interrelated and internally consistent, and has an impact on performance because of multiple practices. Employee performance is a function of both ability and motivation. According to Storey (2007), there are several ways in which employees can acquire needed skills (such as careful selection and training) and multiple incentives to enhance motivation (different forms of financial and non-financial rewards.)

The notion of a link between business strategy and the performance of every individual in the organization is central to ‘fit’ or vertical integration. Internal fit advocates bundles of practice, to ensure that organizations gain benefits from implementing a number of complementary practices rather than only a single practice (MacDuffie, 2005). Most models of best fit focus on ways to achieve external fit. The most influential model of external fit is that from Schuler and Jackson (1987) which argues that business performance will improve if their HR practices support their choice of competitive strategy: cost leadership, quality enhancement and innovation. Under this model, organizations need to work out the required employee behaviors to implement a chosen competitive strategy and devise supporting HR practices to enable those behaviors to be encouraged in the workforce. Vertical integration can be explicitly demonstrated through the linking of a business goal to individual objective setting, to the measurement and rewarding of attainment of that business goal.

Schuler and Jackson (1987) defined the appropriate HR policies and practices to ‘fit’ the generic strategies of cost reduction, quality enhancement and innovation. The significant difference between the contingency and configurational approach is that these configurations represent non-linear synergistic effects and high-order interactions that can result in maximum performance (Delery & Doty, 2000).

Wilkinson (2002) note that the key point about configurational perspective is that it seeks to derive an internally consistent set of HR practices that maximize horizontal integration and then link these to alternative strategic configurations in order to maximize vertical integration and therefore organizational performance. Thus put simply, SHRM according to configuration theorists requires an organization to develop a HR system that achieves both horizontal and vertical integration. The configuration approach contributes to the SHRM debate in recognizing the need for organizations to achieve both vertical and horizontal fit.
through their HR practices, so as to contribute to an organization’s competitive advantage and therefore be deemed strategic.

**Firm Performance**

Firm performance is positively impacted by the presence of strategic human resource management practices which tend to create a significant contribution on organizational competencies, and this in turn becomes a great boost for further enhancing innovativeness (Noe et al., 2003; Youndt et al., 2004). According to Horngren (2000) and Anantharaman (2003), organizations link the maximization of performance with SHRM practices. As a result of intensive competition, shorter product life cycles, volatile product and market environments, firms constantly search for newer sources of competitive advantage, one of the most important being SHRM that has the potential to improve and determine an organization’s fate (Kelliher & Perrett, 2001).

**Strategic Human Resource Management and Firm Performance**

Strategic HRM has grown considerably in the last fifteen years as a new paradigm in managing HR in the modern organization. Schuler et al (2001) described the evolution of SHRM from personnel management in terms of a two-phased transformation, first from personnel management to traditional HRM (THRM), and then from THRM to SHRM. To improve firm performance and create competitive advantage, a firm’s HR must focus on a new set of priorities. These new priorities are more business and strategic oriented and less oriented to traditional HR functions such as staffing, training, appraisal and compensation. Strategic priorities include team-based job designs, flexible workforces, quality improvement practices, employee empowerment and incentive compensation (Huselid, 2005). SHRM was designed to diagnose firm strategic needs and planned talent development which is required to implement a competitive strategy and achieve operational goals.

Recent theoretical works in business strategy have indicated that firm competitive advantage could be generated from a firms HR. According to the resource-based view, the firm could develop sustained competitive advantage through creating value in a manner that is rare and difficult for competitors to imitate. Traditional sources of competitive advantage such as natural resources, technology and economics of scale have become increasingly easy to imitate (Barney, 2001). HR is an invisible asset that creates value when it is embedded in the operational system in a manner that enhances firm ability to deal with a turbulent environment. Pfeffer (2001) has made a case that firms wishing to succeed in today’s global business environment must make appropriate HR investments to acquire and build employees who possess better skills and capabilities than their competitors.

Cooke et al (2005) asserted that SHRM is an efficient function that copes with environmental changes. It directly and indirectly benefits companies because it changes passivity into initiative, transmits organizational goals clearly and encourages
the involvement of line managers. Marchington (2008) argue that SHRM positively influences firm performance because it generates structural cohesion, an employee-generated synergy that propels a company forward, enabling the firm to respond to its environment while still moving forward. Cooke et al (2005) investigated the HRM practices of firms in declining industries. They found that most high performance firms adopted SHRM measures. Conversely, low performance firms tended to employ conventional methods. Various researchers (Appelbaum et al., 2000; Guest et al., 2000; West et al., 2002; Purcell et al. 2007) have found a positive relation between HRM practices and firm financial performance. They found that the strategic orientation of HR in high productivity firms differed obviously from that in low productivity firms.

Human capital theory suggests that HR practices can directly influence firm performance. People posses skills, knowledge and abilities that provide economic value to firms – since firm investments to increase employee skills, knowledge and abilities carry both out-of-pocket and opportunity costs, they are only justified if they produce future returns via increased productivity. The higher the potential for employee contribution in a firm, the more likely it is that the firm will invest in human capital via HRM activities, and that these investments will lead to higher individual productivity and firm performance (Becker et al., 2001).

A study done by Ernest et al (2003) using objective and subjective performance measures and cross-sectional and longitudinal data confirmed an association between HRM and performance. This implies then that unless SHRM works in association with other strategies, then a firm may not register enhanced performance for embracing SHRM.

According to Purcell’s (2004) study on assessment of the impact of people management on organizational performance, some of people management on organizational performance, some works have been able to show an association between HR policies used and performance outcomes, but it was often hard to explain when, why and how this association existed and to identify the interconnections. The study concluded that the impact of people management on organization performance is more obvious in the medium than it is in the short term, and it is here that investigations of high commitment management are particularly relevant.

Report by Purcell et al (2001) on longitudinal study investigating how and why people management practices affect business performance identifies a number of aspects demonstrating the difficulty of demonstrating performance impact. The relationship between HR practices and business performance can be identified at different levels ranging from the plant/establishment level through to the corporation level. There is also lack of consensus on what constitutes a HR package and no agreement on the level of specificity
or HR practices. There is also a different way of measuring HR practices and a limited use of performance measures. In some cases, sophisticated measurement techniques are used and these are hard to understand.

Recent conceptual work has argued that complementarities, or synergies, both among a firm’s HRM practices and between a firm’s HRM practices and its competitive strategy, can have an additional and positive effect on firm’s performance (Baird et al, 1988). Thus, a firm’s performance may not be directly linked to SHRM.

Guest et al (2000) analyzed data on links between SHRM/employment relations and performance. The broad theoretical framework guiding the analysis constituted a path model linking together business and HR strategies on one hand and performance outcomes on the other. The latter included measures like financial performance, quality and productivity. The overall framework was glued together by a number of HR practices such as recruitment and selection, training and development, pay and rewards and HR function. A key finding was that a large proportion of organizations used a wide range of the HR practices outlined, and thus had an influence on the performance.

Research by West et al. (2002) investigating the links between specific HR business strategies and performance found that particular HR strategies had a very strong influence on performance. One of the measures of performance in that study included financial outcomes. The analysis revealed a strong relationship between HRM practices and performance. Roche (1999) in his study on Irish organizations noted that organizations with a relatively high degree of integration of HR strategy into business strategy are much more likely to adopt commitment-oriented bundles of HRM practices.

Results from a research conducted on Taiwanese firms by Wan-Jing and Tung (2005) failed to support the universalistic perspective. Only the interaction between an innovative led HR strategy and SHRM exerted a significant effect on firm performance, supporting the argument of the moderating effect of competitive strategies.

Wright et al. (2005) carried out a study and found that organizations exhibited higher performance when they recruited and acquired employees possessing competencies consistent with the organization’s current strategies. They also found that organizations exhibited higher performance when they sought out a strategy that matched their current employees’ competencies, meaning that besides SHRM, other strategies have to be embraced with it to enhance firm performance. This study confirmed a relationship between SHRM and performance but supported the view that this is iterative because HR strategies and practices tend to be fairly unchanging over time and could therefore be linked both to past and future performance.

A study by Dyer and Reeves (1995) of various models listing HR practices which create a link between HRM and business
performance found that the activities appearing in most of the models were involvement, careful selection, extensive training and contingent pay. These were bundled with the business strategy adopted by the firm.

Emerging Issues in Strategic Human Resource Management and its Performance implications

Studies by universalistic scholars have argued a direct linkage between SHRM and firm performance. Contingency scholars argue that SHRM does not lead directly to firm performance but is influenced by contingencies among them competitive strategies, which ultimately influence performance. Hence, the focus has mainly been limited to the linkage between SHRM and organizational performance. In this regard, the universalistic perspective posits the best practice bundle of HR practices. This is a concern because it seems unlikely that one set of SHRM practices will work equally well no matter what context and strategy. Redman (2006) identifies both methodological and theoretical problems with the universalistic approach. Methodologically, the degree and direction of causation can be questioned. Adopting best practice may just be of one the several factors that improve business performance. Furthermore, it may only be successful firms who can afford to adopt these practices thus reversing the perceived direction of causation.

Purcell (2003) points out the inconsistency between a belief in best practice and the resource based view which focuses on the intangible assets, including HR, which allows the firms to do better than its competitors. He questions how the universalism of best practices can be squared with the view that only some resources and routines are important and valuable by being rare and perfectly imitable. The danger is that of mechanistically matching strategy with HRM policies and practices.

Research suggests that best practices models are only seen in higher value added sectors. A lot of businesses have proven to be successful without using best practices, as confirmed by Wood and DeMenezes (2005). From a theoretical position, the wide range of models and lists of best practices creates a problem. It is the unique context of each business that matters when developing a HR strategy. In addition, the intention of best practice should benefit both shareholders and workers. But as with most models of best practice, there is little reference to the role of unions or the differing and objectives each group has in the workforce. For example, Marchington and Grugulis (2000) suggest that Pfeffer (2001) takes a unitary view and doesn’t take into account the complexities of managing a diverse and differentiated workforce. The best practice approaches are also not culturally sensitive. Models that tend to reflect the individualist values of the USA will not be suitable for more collectivist cultures such as Germany or Japan. National context and the differing labour laws of each country play a fundamental role in SHRM. This severely implicates the usefulness of best practice model. Consequently, there is
need for additional robust and quantitative evidence to support the SHRM performance link and investigations from different contexts with different strategies.

Boxall and Purcell (2003) make a valid point about the notion of internal fit. It tends to be discussed in such a way that oversimplifies the paradoxical elements in managing people. This can also apply to external fit because business strategies are rarely straightforward; the reality of business is complicated and often unpredictable. The simplistic models of matching HRM and strategies imply a top down deterministic strategy planning process. But in reality, many strategies tend to evolve from the input of numerous stakeholders as a multi-level, multi-stage, incremental and political process (Legge, 2005). Moreover, many businesses take/avoid a unified strategy as they operate in many different business or geographic markets with a different strategy for each market. This makes it difficult to match HRM with one particular competitive strategy. This criticism is partly answered by the configurational theory, which recognizes the prevalence of hybrid strategies and the need for HR to respond accordingly.

Taking the changing external environment into consideration, Redman (2006) questions whether firms can actually keep changing their HR policies to match the market situation. The bounded rationality of managers clearly limits the number of contingencies they can identify when assessing the market situation. This can often lead to an inappropriate selection of HR policies which would be disadvantageous to the business. Another issue is what happens to HRM when two quite different types of firms merge or is acquired through a hostile takeover (Edwards & Rees, 2006). Applying the best fit models is difficult in such circumstances without a consideration of other factors, and in the period following the change of ownership, there is often so much turbulence in the system that it is hard to identify a dominant HR style.

Criticisms such as the above indicate that it is not sufficient to focus on one particular factor—say, competitive strategy and ignore the effect of others in shaping HR practice. This is not to say that contingency and universalistic approaches are unimportant, but that the principal factors may vary in importance over time. Additionally, it is the mix of factors that is important. On the other hand, these models are useful if they are used as a tool for guidance rather than a prescriptive technique. First, each model attempts to predict appropriate HR strategies from an analysis of business strategies. At the polar extremes, this may fit quite well. It is easy to see how the HR activities of new firms can be aligned with start up or innovation business strategies. In short, it causes us to question the assertion that all employers should adopt ‘best practice’ HRM policies irrespective of their business strategies. Secondly, these kinds of analysis should encourage HR practitioners to think more carefully about how HRM relates to organizational characteristics and how they can contribute to business goals. The case for a new HR initiative might have a better
chance of success if it is seen to ‘fit’ with wider organizational strategy and can be justified through a business case, albeit one that also takes into account employee needs (Boxall & Purcell, 2008).

Literature reviewed has revealed that most studies examining the relationship between SHRM and organization’s performance have been conducted mostly in a few developed countries like US and UK, and that only a few researchers have measured the mediators and addressed their importance. To fill this gap and to further examine the existence of such a relationship, it is important to conduct research in developing countries specifically in Kenya. This is in line with the argument by the contingency scholars that HR strategy would be more effective only when appropriately integrated with a specific organizational and environmental context as there are no universal prescription of HR policies and practices. It is all contingent on the organization’s context, culture and its business strategy. There is need to on the importance of ensuring that HR strategies are appropriate to the circumstances of the organization, including the culture, operational processes and external environment.

Majority of work in SHRM adopts the resource based view perspective which emphasizes the gaining of competitive advantage by means of utilization of the resources of the organization through the employees. However, HRM studies based on resource based value theory tend to ignore contextual and strategic variables which moderate SHRM-firm performance relationship.

There is also a need to question the veracity of the link between HRM and performance. Analysis of data relating to the question of a link between SHRM and performance reveals there is uncertainty as to the direction of the link. Guest et al. (2003) study confirms an association between SHRM and performance but fails to show a causal relationship between SHRM and performance. Purcell et al. (2003) have noted that while some of the studies have been able to show an association between SHRM, competitive strategies and firm performance, they have not clearly explained when, why and how this association existed and to identify the inter-connections.

Much of the research on SHRM and performance places an emphasis or assumes that each organization is pursuing an integrated set of business objectives and HR practices. This is in contrast with recent developments as firstly; it is seemingly at odds with the move towards more flexible internal structures and strategies, such as strategic alliances, business networks, joint ventures and linkages. Secondly, the approach does not also consider the trend towards outsourcing and inter-organizational contracting and the influence of multi employers and customers in the shaping of performance. The researchers’ discussion about organizational performance is conducted as though organizations are homogeneous entities with clearly defined boundaries and similar contexts and characteristics. Addressing these research
gaps can help more researchers beyond overly simplistic models of SHRM towards a much fuller understanding of the role of SHRM in organizations.

**Conclusion and the Proposed Conceptual Model**

A review of the literature linking HR practices to business strategy shows conflicting perspectives in SHRM. The universalistic perspective suggests that there is a universal set of best practices that any business can adopt to improve organizational performance. Conversely, the contingency perspective suggests that business performance improves when there is fit between business strategy and HR policies. The configurational theory emphasizes on the importance of achieving both internal and external fit in the organization.

Developments in SHRM thinking are thus explored through the best-fit, best-practice and configurational approaches which have a profound impact in the understanding of the contribution SHRM can make to organizational performance, through increased competitive advantage and added value. Indeed, it becomes clear that whether the focus of SHRM is on alignment with the external context or on the internal context of the firm, the meaning of SHRM can only be really understood in the context of organizational performance, whether that be in terms of economic value added and increased shareholder value; customer value added and increased market share or people added value through increased employee commitment and reservoirs of employee skills, knowledge and talent. However, despite the increasingly attention paid to SHRM, scholars have yet to reach agreement about how best to define it.

A review of existing literature therefore concludes that, although the issue of strategic fit and its link to performance has been extensively examined, research has failed to consistently support the efficacy of fit. It is also not clear whether better performing organizations attribute their good performance to the quality of their HRM or whether the standard of their performance is due to other factors. The quality of HRM might be an outcome of performance rather than a contributing factor to that performance. Questions also arise about the meaning of a strategic approach to HRM, what makes an organization’s approach to HRM ‘strategic’, and the satisfactory method of differentiating between an approach to HRM that might be considered ‘strategic’ or one that is not seen to be strategic.

The authors of this article propose a conceptual model to address the gaps and emerging issues inherent in SHRM implementation and corporate performance as diagrammatically illustrated below in Figure 1. SHRM is the independent variable that influences corporate performance, the dependent variable in this study. The moderating variables proposed are: an organization’s context, culture and business strategy, that influence the relationship between SHRM and corporate performance.
Figure 1: Conceptual model

References


