

**Revisiting Strategy in Strategic Human Resources Management: Theorizing, Identifying,
and Analyzing HR Systems Parallely Aligned with Organization Systems**

by

Myungjune Song

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ABSTRACT

In the field of strategic human resources management (SHRM), there has been a vision of human resources (HR) systems that can contribute to firms' superior competitive advantage. Within these HR systems, HR practices are vertically paralleled with strategic imperatives, propelling an organization towards its goals, while also being horizontally aligned with one another to achieve synergistic effects. However, many HR studies adopt a best-practice approach that deviates from organizational strategy, leading to a "missing strategy" problem in *strategic* HRM. To bridge this gap, this three-study dissertation embarked on a thorough exploration.

Study 1 put forth a parallel architecture, advocating for an alignment between HR and organization systems. It unveiled three primary HR principles: commitment HR for long-term innovation, performance HR for short-term productivity, and hybrid HR for balance between long-term breakthrough and short-term performance. This study delved deeper into the distinct value operations of entities, highlighting two pivotal organization policies: value creation, which maximizes the value of human capital, and value capture, which minimizes the cost of human capital. This resulted in six distinct HR systems, which are vertically aligned with organizational strategies and horizontally with the ability-motivation-opportunity framework.

Transitioning from the theoretical landscape, Study 2 delved into empirical investigation, revealing real-world applications of theorized HR systems in Study 1. Addressing critiques around the lack of foundational grounding in many HR studies, this study employed a model-based approach using latent profile analysis (LPA). Analyzing data from a South Korean panel study, the LPA results suggested six HR systems, mostly supporting hypothesized HR patterns.

Study 3 probed deeper, investigating the patterns for organizational inclinations towards specific HR systems and the subsequent competitive advantage these choices offer. Findings revealed a pronounced preference for the hybrid capture HR system across firms of various sizes and strategies. This preference illustrates a general organizational aspiration to balance exploration and exploitation. Furthermore, the study examined how HR systems paralleled with organization systems impact company performance over varying durations. The results demonstrated that while HR systems vary significantly across organizations, their strategic alignment doesn't necessarily promise higher firm performances. Instead, specific contexts and HR system combinations seem more poised to drive superior organizational outcomes. Overall contributions to the SHRM literature and future research directions based on limitations are discussed in the final chapter.

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CHAPTER ONE: DISSERTATION RATIONALE AND PREVIEW

Over the past 30 years, the field of strategic human resources management (SHRM¹) has seen significant evolution. It was initially defined as “the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals” (Wright & McMahon, 1992: 298). Shifting the focus from the impact of individual human resources (HR) practices on employees to the effectiveness of HR systems on organizations, a myriad of HR systems, commonly referred to as high-performance work systems (HPWSs), has emerged (Combs, Liu, Hall, & Ketchen, 2006; Wright & Ulrich, 2017). Previous research has extensively studied various HPWSs known as high-performance HR (Appelbaum, Bailey, Berg, & Kalleberg, 2000; Huselid, 1995), high-commitment HR (Arthur, 1992; Collins & Smith, 2006), high-involvement (Guthrie, 2001) HR, and relational coordination (Gittell, Seidner, & Wimbush, 2010). These systems have been widely recognized as a source of competitive advantage, supported by ample empirical evidence demonstrating their positive effects on firm performance (Combs et al., 2006; Jiang, Lepak, Hu, & Baer, 2012; Subramony, 2009).

Despite significant progress made in the field, one of the critical challenges that the SHRM still confronts is the lack of a consensus regarding the specific HR practices that constitute HPWSs (Becker & Gerhart, 1996; Boon, Eckardt, Lepak, & Boselie, 2017; Posthuma, Campion, Masimova, & Campion, 2013; Wright & Ulrich, 2017). While all HPWSs claim to offer a comparable competitive advantage to firms, they often lack clarity in delineating the distinctions among these HR systems. In light of this, there has been criticism that despite three decades of SHRM research, the prevailing view on HPWSs can be summarized as “more is better” (Kaufman, 2012). From a practical standpoint, the SHRM literature appears to fall short in

¹ Refer to the Appendix for the full lists of the acronyms

addressing a fundamental question posed by HR practitioners: *Which HR system should be adopted to effectively implement specific strategies?*

A potential pathway for answering this question may be identified in the early literature that established the foundation of SHRM as a field. Since its inception, SHRM has operated under the assumption that to enhance organizational effectiveness, firms must align their HR systems with organizational strategy (Baird & Meshoulam, 1988; Jackson, Schuler, & Rivero, 1989; Lengnick-Hall & Lengnick-Hall 1988; Miles & Snow, 1978). Stemming from this argument, Wright and McMahan (1992) proposed two types of fit: vertical fit, which aligns HRM practices with the organizational strategy, and horizontal fit, which refers to coherence among different HRM practices. However, recent research has increasingly shifted its focus towards the outcomes of HR systems (Wright & Ulrich, 2017). Specifically, this approach primarily focuses on empirically examining the positive relationship between their HR systems and firm performance. The shift in focus explains the presence of numerous HR systems that can be considered HPWSs. In this approach, any combinations of HR practices can be considered HPWSs if they demonstrate significant effects on firm performance, regardless of their alignment with organizational strategy (e.g., Bae & Lawler, 2000; Collins & Smith, 2006; Guthrie, 2001; Wright, Gardner, Moynihan, & Allen, 2005). Furthermore, these early HPWSs often serve as a foundation for recent researchers when formulating their own HPWSs. For instance, Kim and colleagues (2019) derived their own measure of HPWS from nine HR practices proposed by Wright et al. (2005). Yet, they incorporated two additional HR practices, which Wright et al. (2005) intended to include but omitted due to sample restrictions. Similarly, Wang and colleagues (2021) created their HPWS drawing from 14 HR practices commonly used in the literature like Bae & Lawler (2000), rather than aligning them with organizational strategy.

Statement of the Problem

There have been two types of HPWSs in the SHRM literature: *theoretically*-derived and *empirically*-derived HR systems. The former approach develops theoretical models, relying on a configurational perspective that derives complementary HR practices to optimize horizontal fit and subsequently links them to particular strategic objectives to achieve vertical fit (e.g., Kang, Morris, & Snell, 2007; Kepes & Delery, 2007). In contrast, the latter focuses on identifying naturally occurring groupings of HR practices used by organizations through empirical classification methods like cluster analysis (e.g., Arthur, 1994; Huselid, 1995; Toh, Morgeson, & Campion, 2008). I propose that the problem of missing strategy in strategic HRM arises from the disconnect between theoretically- and empirically-derived HR systems.

The disconnect stems from the fact that most theoretically-derived HR systems are seldom subjected to empirical investigation, leaving the existence of many theorized configurations unverified. For instance, Walton (1985) developed diversified HR systems, including commitment and control, based on distinct strategies. On the other hand, Kang and colleagues (2007) proposed dichotomous archetypes, such as entrepreneurial and cooperative, based on different learning orientations of organizations. Since this approach aims to provide *a priori* reasoning for the underlying structures being observed, the outcomes can be replicable when they are empirically examined. However, few HR systems have undergone empirical scrutiny (cf. Arthur 1992; 1994; Lepak & Snell, 1999; 2002). Furthermore, these HR systems often rely on overly simplistic applications of organizational strategies, suggesting only two, at most three, HR systems, such as commitment and control (Walton, 1985) and exploratory and exploitative (Kang et al., 2007). These HR systems have often been criticized for failing to provide a

comprehensive explanation for the diverse array of HR systems found in practice (Chadwick & Cappelli, 1999).

In contrast, empirically-derived approach typically involve the statistical analysis of diverse HR systems to identify dominant or robust clusters based on *post hoc* reasoning. While this descriptive approach can be a necessary step in early research to understand a scientific phenomenon, it is often criticized for being “atheoretic and phenomenologically driven” (Chadwick & Dabu, 2009: 253; see also Fleetwood & Hesketh, 2006). Moreover, these HR systems may lack replicability and generalizability (Miller, 1996), particularly when the underlying causal structures of the phenomena of interest are not explained or explored. Consequently, different studies may use different combinations of HR practices under the same name of HPWSs. In a recent review, Boon and colleagues (2019) discovered that there are no significant differences in HR practices between high-*commitment* HR systems (e.g., Kwon, Bae, & Lawler, 2010; Yamamoto, 2013) and high-*performance* HR systems (e.g., Huselid, 1995; Wright et al., 2005) despite the different labels used to describe them. In this regard, they argued that it is problematic that different terms are frequently used to describe highly similar HR systems, which has persisted over the past 30 years of SHRM research. Efforts to reduce confusion and improve consistency in HPWSs have been made by some scholars. For instance, Posthuma et al. (2013) categorized core and peripheral HR practices. Jiang et al. (2012) suggested that HR systems can be organized using the ability-motivation-opportunity (AMO) framework. More recently, Boon and colleagues (2019) suggested the six most common HR practices that should be considered when configuring HPWSs. Despite these efforts, the question of how HR systems can be aligned with organizational strategy remains unanswered, creating a gap between HPWSs and *strategic* HRM.

Purpose Statement and Research Questions

To address the existing gaps in the SHRM research, I am presenting a three-study dissertation that aims to reintegrate strategy into the field. Building upon the original definition of SHRM proposed by Wright and McMahon (1992), I contend that the SHRM literature should not only offer theoretical frameworks but also provide empirical evidence for the diverse combinations of HR practices that organizations deliberately adopt to achieve their strategic objectives. To achieve this objective, my research will address three key research questions, each of which will be tackled in one of the three studies (see Figure 1).

-- Insert Figure 1 here --

The first research question revolves around the dual fit of HR systems, inquiring “*How can HR systems be parallelly aligned with the organization systems*” In order to answer this question, Chapter Two develops theoretically-derived HR systems, constituting Study 1. In an effort to avoid overly simplistic conceptualizations of HR systems, Study 1 adopts the approach of parallel architectures (Arthur & Boyles, 2007; Posthuma et al., 2013). In this approach, the overall principles of HR systems should be aligned in parallel with those of the organization. Furthermore, various policies can be implemented to achieve the same overarching principle, allowing for heterogeneous HR systems.

Specifically, Study 1 develops three distinct HR principles, including commitment, performance, and hybrid HR. Each is crafted to address the specific strategic objectives of an organization, namely exploration, exploitation, and ambidexterity, respectively. Further, Study 1 delves into the unique value operations intrinsic to organizations, categorized into value creation and value capture. While value creation underscores the enhancement of human capital value, value capture aims at curbing human capital investment to glean economic benefits. By

juxtaposing strategic objectives with value diversification, six distinct HR systems emerge, including commitment creation HR, commitment capture HR, performance creation HR, performance capture HR, hybrid creation HR, and hybrid capture HR.

The second research question centers on empirically investigating theoretically-derived HR systems, inquiring “*How can the typologies of HR systems be validated empirically?*” In order to answer this question, Chapter Three analyzes HPWSs adopted by for-profit organizations in South Korea, comprising Study 2. South Korea, being a recently developed country, provides an ideal setting to investigate the diffusion of HPWSs, as many South Korean firms have rigorously adopted globalized HR practices aligned with HPWSs (Bae, 1997; Chadwick, Super, & Kwon, 2015). To avoid atheoretical *ad hoc* reasoning, I adopt a model-based approach, or latent profile analysis (LPA), which allows for a confirmatory evaluation against model-data fit indices. By using priori membership profiles, this approach offers a solid foundation to determine the optimal number of classes (Hauff, Alewell, & Hansen, 2014).

The results obtained from the LPA affirm the theorized existence of six distinct HR systems, as was theorized in Study 1. These systems represent distinct patterns of HR practices, highlighting different configurations that organizations may adopt. However, notably absent among the identified patterns is the hybrid creation HR. Such a discrepancy underscores the importance of empirically validating theoretical constructs and indicates that there might be complexities surrounding the hybrid creation HR system that were not captured in this analysis.

The third research question zeros in on investigating antecedents and outcomes of diversified HR systems identified in Chapter Three, inquiring “*What are the conditions under which HR systems are adopted and the consequences of parallelly aligned HR systems?*” In order to answer these questions, Chapter Four delves into the role organizational strategies and

firm sizes play in the adoption of HR systems and examines the effectiveness of parallel architecture on firm performances, constituting Study 3. Study 3 seeks to offer empirical insights into the antecedents responsible for the diversity of HR systems across organizations. Furthermore, by evaluating the impact of HR systems over various timeframes—shorter, mid, and longer terms—Study 3 aims to deepen our understanding of the role such systems play in driving enhanced firm performance.

The findings of Study 3 indicate a consistent preference among organizations for the hybrid capture HR, regardless of their strategic orientation or firm size. This choice underscores a prevailing tendency to strike a balance between exploration and exploitation in human capital management, rather than leaning predominantly towards either. Following this, there is a marked inclination towards value capture policies, such as performance capture and commitment capture. Notably, even sizable entities with substantial organizational resources are leaning towards capture strategies. In terms of firm performance, the results suggest that exploiters might see a boost in short-term outcomes when they incorporate commitment creation HR. In contrast, larger explorers can expect better short-term results with the hybrid capture HR. This pattern continues into the mid-term, with explorers who utilize cost control HR generally outpacing those who opt for commitment creation HR.

Expected Theoretical Contributions and Practical Implications

Answering the research questions mentioned above opens exciting new avenues for SHRM researchers and for professionals attempting to use HR for strategic advantage. With respect to theoretical contributions, this dissertation may provide a better explanation for the heterogeneity of HR systems in practice. The rationale behind this is that HR systems theorized in Study 1 take into account not only organizational strategies, like the existing literature, but also diversified

policies to achieve those strategies. Having a comprehensive model of HR systems goes beyond simply describing a greater number of HR systems. One of the reasons why recent SHRM studies turned towards a best practice approach by adopting widely accepted HPWSs in the literature (e.g., Kim, Messersmith, & Allen, 2021; Wang, Chen, & Lawler, 2021) is because existing HR system theories fail to fully explain the heterogeneity of HR systems in practice. However, if all organizations in a market follow identical HR practices, then no single organization can achieve a distinct advantage over its competitors because everyone would be on an even playing field (Chadwick & Flinchbaugh, 2021). Therefore, advanced HR system typologies are required to facilitate empirical studies to utilize more theory-based HR systems, rather than arbitrarily made ones. The comprehensive HR system approach may enhance our understanding of the complex interactions between HR systems and organizational strategies, leading to more robust and insightful research findings in the field of SHRM.

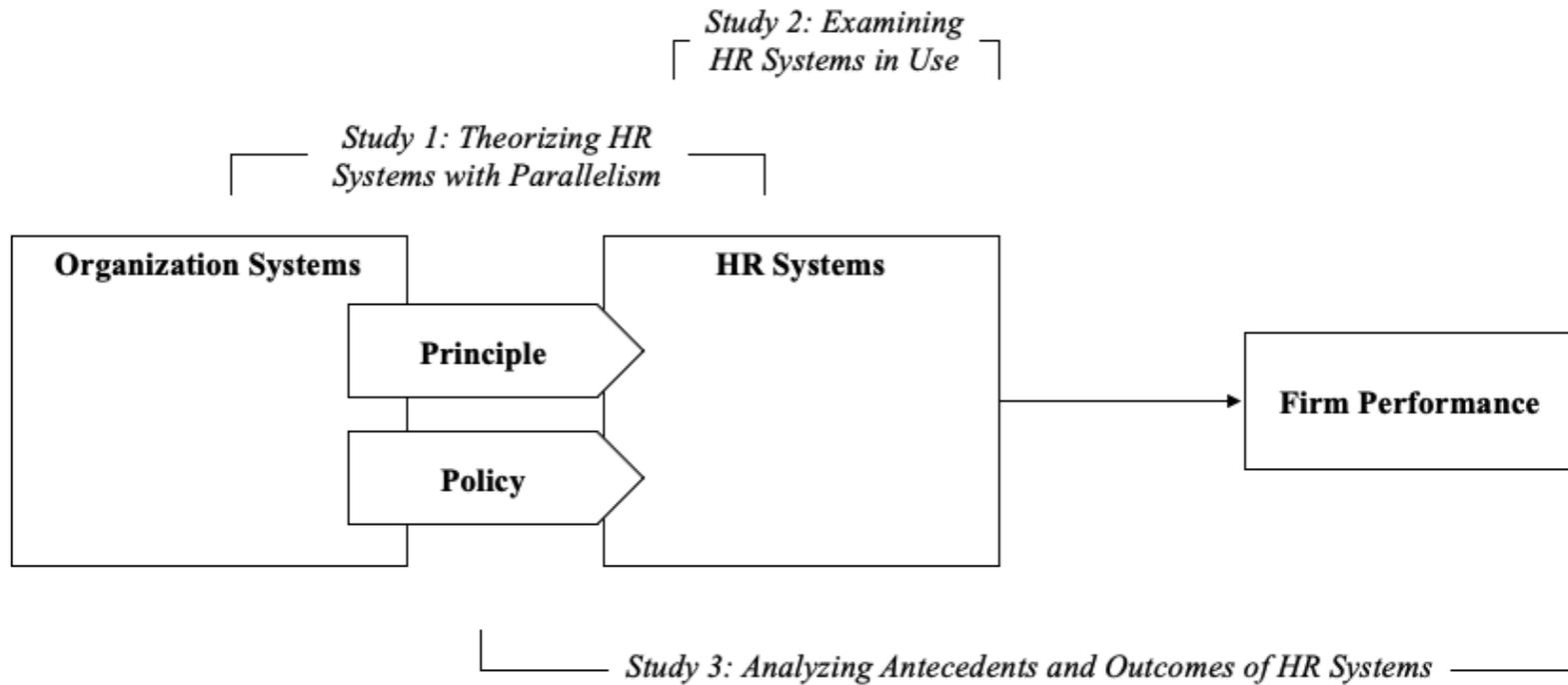
With regard to practical implications, this dissertation may offer valuable insights for practitioners on how to configure HR practices to align with specific organizational circumstances. Making the right choices in HR practices is crucial for practitioners, considering the fact that the substantial investment of time, effort, and cost required to plan and implement HPWSs (Chadwick & Cappelli, 1999). Unlike existing studies, this dissertation offers the advantage of providing practical combinations of HR practices tailored to specific organizational strategies and internal policies. Developing a range of HR systems and elucidating their outcomes could provide professionals with more specific guidance in tailoring HR systems aligned with their competitive strategies given the costs and benefits inherent in these systems. Since this dissertation investigates the antecedents of HR systems, practitioners can gain a deeper understanding of which HR systems are more commonly adopted in particular organizational

circumstances. This knowledge can empower practitioners to make informed decisions about HR system configurations that best align with their organization's unique needs and strategic objectives, leading to more effective and impactful HR management practices. The insights from this research can thus contribute to more strategic and efficient HR decision-making in the real-world organizational settings.

Chapter Summary

This dissertation aims to reintegrate strategy into the field of SHRM by addressing gaps in understanding HR systems. Despite 30 years of research, there is still no consensus on specific HR practices that constitute HPWSs. Moreover, any combinations of HR practices have been considered HPWSs if they demonstrate significant effects on firm performance, causing “missing strategy” problem in the field of SHRM. I propose that this problem arises from the disconnect between the two approaches: theoretically-derived and empirically-derived HR systems. In an effort to close this gap, this dissertation proposes three steps: (1) theorize HR systems that are vertically aligned with organizational strategy and horizontally integrated for synergistic effects; (2) empirically validate those HR systems using a model-based approach; and (3) investigate the conditions under which HR systems are implemented by organizations and the effectiveness of HR systems with dual fit on firm performance. By taking these steps, this study seeks to provide a comprehensive explanation for the heterogeneity of HR systems in practice and offer valuable insights for HR practitioners on configuring HR practices in alignment with specific organizational strategies. Finally, this dissertation aims to bridge the gap between theoretical concepts and empirical realities in HR systems, leading to more strategic decision-making in the field of SHRM.

Figure 1. Overarching Framework of Three-Study Dissertation



CHAPTER TWO: THEORIZING HR SYSTEMS BASED ON PARALLEL ARCHITECTURE

Since the emergence of conceptual models in the 1980s, the strategic human resources management (SHRM) literature has been developing theories regarding the ways in which coordinated sets of human resources (HR) practices, rather than individual HR practices in isolation, can assist organizations in achieving strategic objectives. For instance, Miles and Snow (1978) introduced strategic choices of HR practices based on three organizational types: defenders, analyzers, and prospectors. Arthur (1992) developed two types of HR systems, namely cost reduction and commitment maximizer, drawing upon Porter's (1980) cost leadership and differentiation strategies, respectively. More recently, in response to the limited SHRM research on the ambidexterity of firms, Hansen and colleagues (2017) theorized how organizations can integrate HR practices to promote knowledge sharing in support of the firm's need to both exploit existing and explore new opportunities (Kang & Snell, 2009).

Despite the theoretical contribution made to the field of SHRM, one major conceptual issue in SHRM is the tendency to utilize overly generic typologies of HR systems (Chadwick & Cappelli, 1999). Many SHRM studies restrict their theoretical development to two or three HR systems solely based on the strategic typologies proposed by Miles and Snow (1978) or Porter (1980). Decades ago, Chadwick and Cappelli (1999) argued that these overly simplified theories may be inadequate in explaining the potential variety of HR systems in practice. Since then, however, the situation has only worsened with most scholars relying on a universal, one-best approach to design HR systems (Chadwick & Flinchbaugh, 2021).

The universal approach can be problematic in that it posits a "one-size-fits-all" method, which is applicable irrespective of organizational differences. However, organizations have

diverse strategic objectives as discussed. Furthermore, even when organizations share similar strategic objectives, the routes they take to achieve those goals can differ widely. Thus, relying solely on a universal approach in designing HR systems might overlook these nuances, potentially leading to suboptimal outcomes. Moreover, a limited understanding of how organizational strategies influence HR systems can be problematic as it constitutes a fundamental issue in the SHRM, particularly regarding how HR practices should be configured to effectively achieve organizational objectives (Boon et al., 2019).

In response to these gaps, Study 1 proposes a more diverse range of HR systems that are both externally strategic and internally synergistic. To accomplish this, this study adopts parallel architectures between the organization and the HR system (Arthur & Boyles, 2007; Posthuma et al., 2013). According to Posthuma and colleagues (2013), for an HR system to operate most effectively, its architecture, which consists of principles, policies, and practices, needs to align in parallel with that of the organization it is part of. Principles refer to the broad defining philosophies underlying an organizational or HR system. Policies indicate a more specific statement that provides a description of how an organization should direct HR practices to enhance organizational performance. Finally, practices imply detailed methods and procedures which the organization employs to realize its principles and policies. The authors further argued that parallelism is likely to exist when both the organization and HR system have principles, policies, and practices that are aligned with a common goal (see Figure 1).

-- Insert Figure 1 here --

Similarly, the existing literature suggested that vertical fit can be achieved when there is parallelism between the architectures of the organization and HR (Delery, 1998).

The parallel architecture offers a potential solution to the oversimplification observed in the conceptualization of HR systems. While earlier research, such as Miles and Snow (1978) and Porter (1980), proposed that internal systems, including HR, must align with vertical fit to elicit desired employee behaviours, the universal approach complicates this by suggesting one best HR system. In contrast, the parallel architecture entails that principles guide the formulation of policies, which subsequently assist in shaping practices (Posthuma et al., 2013). This structure allows SHRM scholars to craft diverse HR systems, each meticulously tailored with HR practices that align with vertical fit. This also aligns with the assumption of equifinality. Equifinality posits that there exist multiple organizational forms that are equally effective (Doty, Glick & Huber, 1993). As articulated by Katz and Kahn, “a system can reach the same final state from differing initial conditions and by a variety of paths” (1978: 30). Such an assumption accommodates a range of equally effective and coherent combinations of structure (Van de Ven & Drazin, 1985). The underpinnings of equifinality are woven into configurational theories, given that they pinpoint multiple ideal organizational types that optimize fit and efficacy.

Given that there can be multiple policies available to achieve the same overarching principle, allowing for more flexibility in the design of HR systems. As a critical element of diversified organization policies, this study considers the idiosyncratic value operations of organizations. According to Chadwick (2017), firms may adopt two distinct policies in their pursuits of human capital rents: *value creation* and *value capture*. The former zeros in on enhancing the value of human capital by maximizing the utilization of employees’ skills and knowledge. On the other hand, the latter focuses on minimizing investment in human capital by reducing labour costs, thereby securing economic rents associated with human capital.

In what follows, drawing upon idiosyncratic value operations, this study develops theoretically derived HR systems using a cross-classification approach that employs strategic objectives as organization principles and value diversification as organization policies. In contrast to the existing literature, which often employs a simplified approach, this study embraces a comprehensive perspective. This approach enables a robust combination to theorize HR systems in parallel with organization systems, thereby providing a more comprehensive explanation of the heterogeneous nature of HR systems in the real world.

Dual Fit of HR Systems as a Source of Competitive Advantage

Several decades ago, Nadler & Tushman (1980) introduced the concept of “fit” as the extent to which the needs, demands, goals, objectives, and structure of one component align with those of another component. Since then, the notion of fit has gained widespread acceptance and has played a significant role in the development of the field of SHRM. In the early stages of SHRM research, scholars put forth the idea of a *single* fit in HR systems, indicating that HR systems should be aligned with the strategic objectives of the organization in order to enhance organizational effectiveness (Baird & Meshoulam, 1988; Jackson et al., 1989; Lengnick-Hall & Lengnick-Hall, 1988; Miles & Snow, 1978). Soon after, the concept of single fit had been extended with the seminal work of Wright and McMahan (1992), who introduced the concept of *dual* fit. Dual fit comprises vertical fit, which delves into ensuring that the HR system in place is congruent with the overarching strategic objectives of the organization, and horizontal fit, which examines the cohesiveness and synergy among individual HR practices within the system. Study 1 elaborates on vertical fit using a parallel architecture and addresses horizontal fit relying on ability-motivation-opportunity (AMO) framework, which is depicted in Figure 2.

-- Insert Figure 2 here --

Vertical Fit and Parallel Architecture

The concept of vertical fit stems from the belief that aligning HR practices with strategic objectives can enhance their effectiveness by fostering synergistic interactions between the external strategy and the internal HR system (Dyer, 1985; Lengnick-Hall & Lengnick-Hall, 1988). The behavioural perspective offers a plausible rationale for how vertical fit can contribute to a competitive advantage. This perspective distinguishes HR principles from HR policies and, in turn, from HR practices. While HR principles, policies, and practices articulate the culture, values, and objectives of the HR function, it is posited that specific HR practices drive employee motivation, steering them towards specific role behaviours linked to various strategies. This perspective emphasizes the need for coherence across HR systems, and further, the necessity of aligning these activities with the strategic imperatives (Schuler, 1992; Schuler & Jackson, 1987). Despite its significance, the prevailing trend in the existing literature has been a simplistic conceptualization of vertical fit. In particular, SHRM studies have homed in on the configuration of HR practices, largely neglecting the nuances of HR principles and policies (e.g., Chadwick et al., 2015; Collins & Smith, 2006; Guthrie, 2001; Toh et al., 2008; Wright et al., 2005).

To address this, this study adopts a parallel architecture, which accommodates the hierarchical interplay among HR principles, policies, and practices. The parallel architecture has been proposed as a means to achieve vertical fit of HR systems in the SHRM literature. Arthur and Boyles (2007) defined parallel architecture as a matching correspondence that occurs across different levels of the organization and the HR systems. This not only involves mutual support at each level but encompasses an interconnected set of hierarchical elements (Wright & Boswell, 2002). Similarly, Posthuma and colleagues (2013) argued that vertical fit can be attained when the principles, policies, and practices of both the organization and HR share the same objectives.

The concept of parallelism offers a strong theoretical basis for aligning vertically-fitted HR systems. This alignment occurs when the organization and HR functions progress together, ultimately contributing to a competitive advantage. Posthuma et al. (2013) argued that enhancing firm performance is possible through the improvement of either the organization, the HR, or both architectures. This explains why firms can be effective even with low investments in HR, particularly in industries where human capital is less critical, such as heavily automated manufacturing. However, it is obvious that higher firm performance can be expected when there is parallel alignment between the organization and the HR system. In other words, when the organization and HR architecture evolve in parallel, they can jointly elevate the overall performance and success of the company. This alignment ensures that the HR system is specifically designed to support the strategic objectives of the organization, leading to a sustainable competitive advantage. In this chapter, I focus on developing HR systems that possess a parallel architecture.

Horizontal Fit and Ability-Motivation-Opportunity Framework

Along with vertical fit, horizontal fit has been considered a critical component in establishing the link between an HR system and organizational performance (Gerhart, 2007). Horizontal fit pertains to the internal consistency and complementarity among HR practices within an HR system (Delery, 1998; Wright & McMahan, 1992). Specifically, horizontal fit implies a set of mutually supportive HR practices that generate synergistic effects in a way that the combined impact on firm performance exceeds the sum of the individual effects of each practice operating independently (Ichniowski, Kochan, Levine, Olson, & Strauss, 1996).

Early SHRM studies had been criticized due to the lack of a theoretical framework for the selection of HR practices and, as a result, heavy reliance on arbitrary choices. For instance,

Arthur's (1992) well-known HR systems consisted of a combination of HR practices, which were primarily based on best practices, rather than relying on a theoretical foundation of synergistic effects within the systems. Recently, the ability-motivation-opportunity (AMO) framework has been used in theorizing the horizontal fit of HR systems (e.g., Boxall & Purcell, 2008; Delery & Shaw, 2001; Han, Kang, Oh, Kehoe, & Lepak, 2019; Lepak, Liao, Chung, & Harden, 2006). According to the AMO framework, HR systems can contribute to the implementation of strategic objectives through several means. Firstly, they can improve employees' knowledge, skills, abilities, and other characteristics (KSAOs) by providing comprehensive training programs and facilitating job rotation. Secondly, HR systems can motivate employees to leverage their KSAOs for the benefit of the organization, achieved through performance-based incentives that recognize and reward their contributions. Lastly, HR systems can create an environment that fosters employee involvement by offering opportunities such as task autonomy and participation. These opportunities are expected to encourage employees to explore innovative ideas in their work.

Existing SHRM literature also suggests that depending solely on one domain might not be sufficient to attain desired outcomes (Lepak et al., 2006; Minbaeva, Pedersen, Björkman, Fey, & Park, 2003). For instance, employees' KSAOs may not effectively contribute to new product development if they lack the motivation to share their knowledge (Collins & Smith, 2006; Reinholt, Pedersen, & Foss, 2011). Likewise, even if employees possess high levels of skill and motivation, their impact on new product development can be restricted if they are not granted the autonomy to experiment with their ideas (Chang, Oh, & Messersmith, 2014). This indicates that a lack of consistency in utilizing HR practices within AMO domains can impede the promotion

of desired employee behaviours, ultimately limiting the overall effectiveness of the HR system (Siemsen, Roth, & Balasubramanian, 2008).

Furthermore, the idea of aligning the AMO with organizational strategies may underline the importance of tailoring HR practices to the specific needs and objectives of an organization. By designing HR practices to address these three domains in tandem with an organization's particular strategy, a more intricate and tailored perspective emerges, contrasting sharply with a generic, one-size-fits-all approach. For instance, as outlined below, an organization driven by innovation might require abilities related to creativity and problem-solving, motivations that reward out-of-the-box thinking, and opportunities that foster collaborative brainstorming. On the other hand, a cost-leadership organization might prioritize abilities related to operational efficiency, motivations that reward process improvements, and opportunities that emphasize streamlined workflows. In this regard, in developing horizontally-fitted HR systems, I draw on the AMO framework, which places emphasis on the interdependencies among HR practices.

Establishing HR Principles Paralleled with Organization Principles

The initial phase of constructing HR system architecture entails defining HR principles that will serve as guiding principles for subsequent policies and practices (Arthur & Boyles, 2007; Becker & Gerhart, 1996; Posthuma et al., 2013). To ensure that HR principles align with both vertical and horizontal fit, a two-step approach is used. In the first step, this study conceptualizes the strategic objectives of organizations and formulates corresponding HR principles, creating a parallel system architecture to embody vertical fit. Subsequently, the study integrates the AMO domains of each HR principle to incorporate horizontal fit. By incorporating dual fit in the early stage of HR system configuration, this study aims to overcome the aforementioned inherent problem, i.e., researchers' arbitrary selection of HR practices based on a simple additive index

(Boon et al., 2019), and establish a solid alignment between organization systems and HR systems.

Deriving Organization Principles Based on Strategic Objectives

As a comprehensive statement of how the organization creates value, the organization principle can be characterized by strategic objectives, as they embody a fundamental choice about the organization's existing capabilities and future directions (Chadwick & Cappelli, 1999; Youndt, Snell, Dean, & Lepak, 1996). One of the seminal works on the nature of organizations' strategic competitive choices comes from March (1991), who highlighted a fundamental distinction between a firm's need to explore new opportunities for long-term viability and exploit existing opportunities for short-term survival (O'Reilly & Tushman, 2013).

-- Insert Table 1 here --

Exploration's Principle: Innovation-Enhancing. Despite being labelled with various terms such as prospectors (Miles & Snow, 1978), differentiators (Porter, 1980), and first movers (Lieberman & Montgomery, 1998), organizations pursuing exploration share the same strategic objective of transforming existing products, services, and/or technologies into new market opportunities (Damanpour, 1991). In this regard, Tushman and Anderson (1986) argued that exploration places emphasis on innovation as its prime capability, which arises from new skills, abilities, and knowledge in both the development and production of the product. In a similar vein, March (1991) suggested that exploration is associated with terms such as search, flexibility, and innovation. For instance, Apple Inc. can be a prime example of exploration, as evidenced by its ground-breaking products such as the iPhone and iPad. With the introduction of the iPhone, Apple explored new market opportunities by transforming the traditional concept of a mobile phone into a revolutionary smartphone that integrated communication, internet access, and

multimedia capabilities. The iPad, another innovative product, opened a new tablet market, providing users with a unique and versatile computing experience. Recently, Apple ventured into the wearable technology market with the Apple Watch, redefining the concept of a smartwatch and exploring new possibilities for health monitoring, communication, and personalization. These revolutionary products from Apple exemplify the main characteristics of organization principles that prioritize exploration, or *innovation*-enhancing.

Drawing upon organizational principles, this study zeroes in on essential elements crucial to comprehending the dynamics of human capital within organizations. Once these key elements are delineated, they will be systematically tied to the AMO domains in the following sections. This linkage serves as a bedrock for Study 1, ensuring the preservation of a hierarchical parallel architecture. To begin with, the principle of enhancing innovation requires the presence of general transferable human capital within the organization (Kang & Snell, 2009). This refers to the knowledge and skills that employees possess, which can be applied across different contexts and projects. Having a workforce with diverse expertise and a broad knowledge base enables the organization to tackle various challenges and generate innovative solutions (Beugelsdijk, 2008).

Secondly, long-term and development-focused workforce management is crucial. Organizations pursuing exploration need to prioritize employee development, fostering a culture of continuous learning and growth (Hausknecht & Holwerda, 2013). This involves providing opportunities for training, skill-building, and career advancement, as well as encouraging employees to explore new ideas, take risks, and experiment (Collins & Clark, 2003). By nurturing a workforce that is dedicated to long-term goals and personal development, organizations can cultivate an environment that fosters innovation.

Lastly, an interdependent and decentralized organizational capital is essential for innovation-enhancing exploration (Hage, 1980; Miles & Snow, 1978). This means having a structure and processes that encourage collaboration, knowledge sharing, and autonomy among different teams or units within the organization. By promoting interdependence, employees can tap into a diverse range of perspectives, expertise, and resources, facilitating cross-pollination of ideas and fostering innovation. Additionally, a decentralized structure empowers individuals and teams to make decisions, take ownership of their projects, and act autonomously, promoting agility and adaptability in response to changing market dynamics (Dewar & Dutton, 1986; Ghemawat & Costa, 1993; McGrath, 2001).

In sum, these elements, including general transferrable human capital, long-term and development-focused workforce management, and interdependent and decentralized organizational capital, contribute to building a workforce that is adaptable, skilled, and empowered to generate new ideas, embrace change, and drive the organization forward.

Exploitation's Principle: Productivity-Enhancing. Exploitation centers on existing products and markets, aiming to achieve efficiencies through “cost leadership” as proposed by Porter (1980). Exploitation organizations maintain a low-cost position to defend themselves against competitors (Miles & Snow, 1978). To achieve higher productivity, they establish routinized processes across functions, covering areas such as materials purchasing and handling, production scheduling, and quality control (March, 1991). For instance, in contrast to Apple, Dell Technologies Inc. focuses on existing markets and optimizing its operations to maximize productivity and profitability. Specifically, Dell identifies and targets specific customer segments within established markets, such as personal computers and accessories like monitors, keyboards, and mice. This implies that Dell needs to streamline their supply chain, manufacturing

processes, and distribution channels to minimize costs and maximize efficiency to achieve its competitive advantages. It is critical for Dell to increase its market share within existing markets by leveraging its brand reputation with low cost but high quality. Thus, organizations in pursuit of exploitation like Dell aim to prioritize *productivity*-enhancing as their organization principle.

The productivity-enhancing principle in organizations is dependent on several essential elements. First of all, productivity-enhancing organizations prioritize having a workforce with narrow and specialized human capital (Kang, Morris, & Snell, 2007; Kang & Snell, 2009). This means that employees possess specific expertise that is tailored to the core activities. By focusing on specialized capabilities, organizations can optimize efficiency in their respective fields. Employees with specialized skills and knowledge can perform tasks with greater speed and accuracy, resulting in improved productivity and quality outcomes (Chatterjee, 2017).

Secondly, Short-term and performance-focused workforce management is vital for enhancing productivity. It involves setting clear and measurable short-term goals for individuals and teams. By focusing on performance, organizations can drive motivation, monitor progress, and provide timely feedback to improve efficiency (Miles & Snow, 1978). Performance-focused workforce management also involves recognizing and rewarding high performers, fostering a culture of excellence and continuous improvement.

Finally, a formalized and centralized organizational structure is crucial for productivity-enhancing organizations (Ettlie, Bridges, & O'Keefe, 1984). Such a structure establishes clear lines of authority, standardized processes, and centralized decision-making. Formalization ensures that roles, responsibilities, and procedures are clearly defined and communicated throughout the organization (Crossan, Lane, & White, 1999). Centralization allows for efficient coordination and control, enabling organizations to make timely decisions. This structured

approach minimizes ambiguity, reduces duplication of effort, and enhances productivity by ensuring that employees can work within a well-defined framework (Katila & Ahuja, 2002).

In sum, productivity-enhancing, characterized by narrow and specialized human capital, long-term and performance-focused workforce management, and formalized and centralized organizational structures, organizes internal resources, processes, and talent in a streamlined manner to achieve sustainable competitive advantage.

Ambidexterity's Principle: Mixture-Enhancing. According to March (1991), finding a balance between exploration and exploitation is challenging because organizations tend to have a preference for exploitation. Exploitation is more likely to bring short-term success compared to exploration, which is inherently inefficient, costly, and uncertain. However, evidence suggests that organizations pursuing both exploitation and exploration are more successful than those focusing on only one. This has led to the emergence of a hybrid form called ambidexterity (He & Wong, 2004; Tushman & O'Reilly, 1996). For instance, Samsung Electronics, a prominent player in the IT industry, has demonstrated ambidexterity in its approach to product development, particularly in the smartphone, tablet, and wearable devices, which have drawn inspiration from Apple Inc. With respect to exploration, Samsung has ventured into the smartphone market after the success of Apple's iPhone. In the tablet market, Samsung has explored new market opportunities by introducing its Galaxy Tab series, similar to Apple's iPad. Furthermore, in the smartwatch segment, Samsung's Galaxy Watch series has been developed in response to the popularity of the Apple Watch. With regard to exploitation, Samsung leverages its manufacturing capabilities, supply chain management, and cost-efficiency to produce traditional PC accessories like monitors and keyboards at competitive prices while maintaining high-quality standards. Samsung's ability to efficiently manufacture and distribute these products

contributes to its market success and profitability. Therefore, ambidextrous organizations, exemplified by Samsung, need to strike a balance between stable functions emphasizing cost efficiency and adaptive functions targeting new market effectiveness, which calls for a “mixture” of exploration and exploitation principles (Miles & Snow, 1978).

The hybrid-enhancing principle encompasses several key elements to balance exploration and exploitation. First, ambidextrous organizations place importance on conducting extensive market searches to identify new opportunities and stay ahead of market trends (Miles & Snow, 1978). This involves actively seeking out innovative ideas, technologies, and practices that have proven successful in the market. By engaging in reverse engineering, these organizations analyze and understand the underlying factors that contribute to the success of innovations. They leverage this knowledge to develop their own capabilities and incorporate successful elements into their own products, services, or processes (Kostopoulos, Bozionelos, & Syrigos, 2015)

Second, mid-term focused workforce management is vital for an ambidextrous organization. It involves setting mid-term goals that strike a balance between short-term operational efficiency and long-term innovation and growth (Miles & Snow, 1978). This approach recognizes the importance of continuously improving performance while allowing enough flexibility for exploration and experimentation.

Finally, ambidextrous organizations strive to strike a harmonious equilibrium between formalized and decentralized organizational structures. They acknowledge the importance of formalization to ensure efficiency, consistency, and coordination throughout the organization (Kang & Snell, 2009). Simultaneously, they have to cultivate a decentralized culture that fosters autonomy, innovation, and collaboration. This is because decentralization allows for flexibility,

agility, and adaptability in exploring proven opportunities, encouraging employees to take ownership, make decisions, and contribute their diverse perspectives to drive innovation.

By incorporating these elements, including extensive market search and reverse engineering human capital, mid-term focused workforce management, and the coexistence of formalized and decentralized structure, ambidextrous organizations can capitalize on existing strengths, glean insights from market successes, and thereby sustain adaptability in a constantly changing landscape.

Formulating HR Principles Aligned with Vertical and Horizontal Fit

To formulate HR principles aligned with both vertical and horizontal fit, organizations need to engage in a comprehensive analysis of their strategic goals and organization principles to achieve those goals. By taking a strategic and parallel approach, organizations can develop HR principles that serve as a guiding framework for HR decision-making and contribute to the overall success and competitiveness of the organization. In the subsequent discussion, HR principles paralleled with organization principles to achieve dual fit are discussed. By establishing this dual fit, organizations can create a coherent and integrated HR system that effectively supports organizations' strategic objectives.

-- Insert Table 2 here --

Parallel Principle for Innovation-Enhancing Principle: Commitment HR. To bolster innovation, it is crucial for exploration organizations to implement an HR system that is focused on “commitment” of employees (Collins & Smith, 2006). Commitment-based HR emphasizes the role of HR practices that synergistically motivate employees to contribute discretionary efforts by aligning their interests with those of the organizations and cultivating a mutually reinforcing employer-employee relationship (Arthur, 1994; Tsui, Pearce, Porter, & Tripoli,

1997). The rationale behind this is that new knowledge can be created through the process of exchange and combination among employees (Nahapiet & Ghoshal, 1998). Therefore, an HR principle to enhance innovation would be *commitment* HR, which involves facilitating the exchange of knowledge, promoting collaboration, and encouraging cross-functional teamwork. Commitment HR plays a critical role in enabling employees to amalgamate their diverse perspectives, skill sets, and experiences to engender inventive ideas and resolutions (Collins & Smith, 2006; Lepak & Snell, 2002). This principle recognizes that innovation is not an isolated process but flourishes when individuals within the organization share ideas and collaborate towards shared goals. Furthermore, it underscores the pivotal role of human capital and organizational structure that are general and transferrable, long-term and development-focused, and interdependent and decentralized as discussed above. To achieve these, commitment HR encompasses particular AMO elements that can foster an environment conducive to innovation, including broadly-defined KSAOs, growth drive, and decentralized communications.

Firstly, general and transferrable human capital require broadly-defined KSAOs, which refer to a wide range of skills, knowledge, and competencies that span multiple disciplines or areas of expertise. Employees with a broadly-defined KSAOs can draw from their diverse knowledge and experiences, combining insights from various fields to spark creativity and develop novel approaches (Kang et al., 2007; Kang & Snell, 2009; Ployhart & Hale, 2014). Given that innovation often thrives at the intersection of different disciplines and domains, cross-disciplinary perspectives can challenge established norms and foster a culture of innovation that transcends siloed thinking. Thus, organizations that embrace broadly-defined KSAOs foster a culture of collaboration and knowledge-sharing, enabling employees to contribute their diverse skills and perspectives to the innovation process (Gittell et al., 2010; Kimberly & Evanisko,

1981). They can effectively connect different areas of knowledge, leading to innovative solutions that arise from the integration of various perspectives (Shane, 2000; Taylor & Greve, 2006; Wright & Snell, 1998).

Secondly, growth drive relates to fostering long-term and development-focused environment that encourages and nurtures employees' desire to grow, learn, and innovate. This involves creating a culture of continuous learning and development, where employees are motivated to enhance their skills, explore new ideas, and embrace innovative practices. Organizations can foster motivation for personal growth by offering initiatives like learning and development opportunities, mentorship programs, challenging assignments, and recognition for innovative endeavours. By cultivating an employee's drive for growth, organizations can bolster their capacity for innovation (March, 1991).

Finally, interdependent and decentralized structure can be achieved through organizations' communication style that facilitates the distribution of decision-making authority and the provision of opportunities for innovation throughout the organization. This emphasizes empowering employees at all levels to contribute their ideas, insights, and expertise to the innovation process (Miles & Snow, 1978). This involves creating a decentralized organizational culture that encourages autonomy, collaboration, and information-sharing (Beugelsdijk, 2008). By decentralizing decision-making and providing opportunities for employees to take ownership of innovative initiatives, organizations can tap into the collective intelligence and creativity of their workforce (Hage, 1980; Kang & Snell, 2009). Taken together, such arguments suggest the following research proposition:

Proposition 1. For exploration organizations with the innovation-enhancing principle, the vertically aligned HR principle is commitment HR, which is horizontally fitted with broad KSAOs, development drive, and decentralized communications.

Parallel Principle for Productivity-Enhancing Principle: Performance HR. Productivity-enhancing organizations focus on maximizing efficiency within the organization, aiming to improve operational efficiency, resource utilization, and thus overall performance (March, 1991; Miles & Snow, 1978). As discussed above, this approach can be characterized by a particular human capital and organizational structure that are narrow and specialized, short-term and performance-focused, and formalized and centralized. In the pursuit of these attributes, HR can play a pivotal role in maximizing individual and collective performance, which necessitates the principle of *performance* HR. Lepak and Snell (2002) found that organizations seeking “near-term productivity” are likely to rely on performance HR, characterized by job-based employment, limited participation within job boundaries, and standardized work process to facilitate efficiency in job performance. Therefore, AMO domains for performance HR include narrowly-defined KSAOs through focused competencies, productivity drive with higher performance, and centralized communication to expedite managerial decision-making.

Firstly, the performance HR emphasizes the importance of narrowly-defined KSAOs in its pursuit of narrow and specialized human capital. Employees with such KSAOs focus on specific knowledge, skills, abilities, and characteristics that are directly relevant to their job performances (Brown & Duguid, 1991). By using narrowly KSAOs, organizations can align their performance management processes and employee development to target the specific competencies that enhance productivity, making their employees stay in constant exploitation (Dougherty, 1992).

Secondly, productivity drive is a central component of short-term and performance-focused human capital. This involves instilling a culture of productivity within the organization and thus motivating employees to consistently deliver high levels of performance. Organizations can foster a productivity drive by setting clear performance expectations, establishing measurable productivity goals, and providing regular feedback on performance. Such programs create motivation for employees to enhance their productivity levels and contribute to the overall success of the organization.

Lastly, centralized communications play a significant role in enhancing productivity (Miles & Snow 1978) in formalized and centralized organizations. By establishing a centralized communication structure, organizations can ensure that information flows efficiently and effectively across the organization. Centralized communications involve clear channels of communication, streamlined reporting structures, and standardized communication processes (Kang & Snell, 2009). This helps eliminate communication bottlenecks, reduce duplication of effort, and enhance coordination and collaboration among employees (Crossan et al., 1999). These domains suggest the following research proposition:

Proposition 2. For exploitation organizations with productivity-enhancing principle, the vertically aligned HR principle is performance HR, which is horizontally fitted with narrow KSAOs, productivity drive, and centralized communications.

Parallel Principle for Mixture-Enhancing Principle: Hybrid HR. Mixture-enhancing organizations exhibit characteristics of both exploitation and exploration. According to Miles and Snow (1978), these organizations have a “hybrid” approach that blends innovation and productivity-enhancing elements, exemplifying *hybrid* HR principle. This approach allows them to sustain their existing market performance while simultaneously pursuing breakthrough

innovation, which requires a particular human capital and organizational structure, including search and reverse engineering, mid-term and performance-focused, and coexistence of formalized and decentralized as discussed above.

According to O'Reilly and Tushman (2013), hybrid systems can manifest in various types, such as structural, integrative, and contextual. The structural system involves the creation of distinct structures for exploration and exploitation. For instance, organizations may establish separate units, each with its own objectives, processes, and performance metrics, to ensure that the two activities are not in conflict with each other. In contrast, the integrative system involves the integration of both exploration and exploitation within a single structure. This approach aims to strike a balance between the two by fostering a culture of innovation and experimentation, while also emphasizing efficiency and productivity. Finally, the contextual system refers to the creation of a flexible culture that encourages a culture of error-embracing as well as error-avoiding. Each AMO domain may embrace these different forms of ambidexterity, encompassing structural KSAOs, integrative motivations, and contextual communication within organizations.

Firstly, for the mixture-enhancing principle, hybrid HR embodies structural ambidexterity by incorporating both broadly and narrowly-defined KSAOs to attain search and reverse engineering capabilities. The broadly-defined KSAOs function aims to cultivate a diverse skill set and encourages employees to explore first movers and their new technological advancements. On the other hand, the narrowly-defined KSAOs function focuses on specialized skills necessary for leveraging existing resources and driving productivity. These involve creating distinct functions within the organization that cater to different types of capabilities parallelly.

Secondly, the hybrid HR should be able to incorporate integrative motivations that foster growth and productivity in a balanced manner. Organizations can align individual and collective goals to integrate growth and productivity motivations. This can be achieved by setting mid-term and performance-based targets that include both innovative outcomes and productivity-related metrics. Employees can be motivated through a combination of rewards and recognition systems that acknowledge both exploration and exploitation efforts. By integrating these motivations, organizations encourage employees to strike a balance between exploration and exploitation.

Lastly, contextual communication is a critical element of a hybrid HR system for coexistence of formalized and decentralized structure. It involves adopting both decentralized and centralized communication approaches based on the specific needs and circumstances of each situation. Organizations should adopt a contextual approach to communication by selecting the most appropriate mode for different scenarios. This contextual approach ensures efficient information sharing, coordination, and collaboration at both local and global levels. As a result, organizations enable employees to engage in both exploration and exploitation, support a balanced approach to growth and productivity, and facilitate effective communication in organizational contexts. This logic suggests the following theoretic proposition:

Proposition 3. For ambidexterity organizations with the mixture-enhancing principle, the vertically aligned HR principle is hybrid HR, which is horizontally fitted with structural KSAOs, integrative drive, and contextual communications.

Developing HR Policies Paralleled with Organization Policies

Policies are more specific and operational than principles in that they translate the overarching principles into practical guidelines and rules that govern specific areas or functions within the organization (Posthuma et al., 2013; Lepak et al., 2006). Specifically, organization

policies are statements that describe how the organization will direct efforts toward enhancing organizational performance (Wright & Snell, 1998; Wright & Boswell, 2002). In contrast, HR policies are a unit's stated or official intentions with regard to HR programs, processes, and techniques (Ployhart & Hale, 2014). To design HR policies using a parallel architecture that ensures alignment, as suggested by Delery (1998), this study prioritizes the establishment of organizational policies before the development of HR policies.

Establishing Organization Policies to Induce HR Policies

Management scholars have highlighted the significant role of organizational resources in the execution of strategic objectives. If strategic objectives are what an organization wants to *be*, organizational resources are what an organization *has* in order to achieve such objectives. For example, when an organization aims to thrive through exploration, which involves seeking and experimenting with new opportunities, it requires a diverse range of organizational resources. These resources may include financial assets to invest in research and development (Cyert & March, 1963), technological capabilities to innovate and adapt, administrative support to coordinate and manage activities, and human capital with the necessary skills and expertise to explore new markets (Dewar & Dutton, 1986).

Relying on human capital theory (HCT), Chadwick (2017) introduced the concept of how distinct organization policies contribute to operationalizing organizational resources differently in generating human capital rents. Human capital rents refer to the surplus value that an organization can achieve through its human resources, beyond what it costs to acquire and maintain those resources (Molloy & Barney, 2015). For instance, consider a restaurant owner who hires a new chef with a monthly salary of \$10,000. Due to her exceptional skills and creativity, the chef prepares pasta that is outstanding, resulting in an additional \$20,000 in

monthly earnings compared to the restaurant's typical revenue. After accounting for the chef's salary, the restaurant realizes an extra profit of \$10,000. In this scenario, the incremental \$10,000 profit represents the human capital rent. According to Chadwick (2017), organizations can earn economic rents by creating the gap between the costs of human capital and the value in use, which refers to the tangible as well as intangible benefits that an organization derives from the specialized skills, knowledge, and abilities of its workforce. In the restaurant scenario, the value in use extends beyond additional earnings; it also includes an enhanced reputation and recipes that can be disseminated to and replicated by other employees. Conversely, the human capital costs involve more than just labour expenses like the chef's salary and benefits; they also encompass recruiting and training costs.

It is essential to recognize that both individualized human capital costs and overarching administrative expenses present organizations with opportunities to augment their human capital rents. Specifically, Chadwick (2017) posited that the rents derived from human capital can be shaped by two intertwined challenges: (1) enhancing the value generated by human capital and (2) reducing the human capital costs borne by the organization. These challenges lead to two distinct organizational policies for value operation: *value creation* and *value capture*, both of which will be elaborated upon in what follows.

-- Insert Table 3 here --

Value Creation Policy. Organizations can increase human capital value in use by maximizing employees' skills and knowledge to the highest level of potential value that they can generate, which can be called value-creation policy (Chadwick, 2017; Chadwick & Flinchbaugh, 2021). Hiring a top-tier chef can serve as an example of this policy; even though the chef's salary might be high, the innovative dishes they introduce can generate significant economic value for

the restaurant. Instead of hiring external talents, the restaurant could send its employees to renowned culinary institutions to gain new skills and knowledge, which could produce comparable benefits.

Exploration organizations like Apple may involve recruiting individuals with specialized skills and knowledge or investing in training and development programs to enhance the existing workforce's capabilities. This ensures that Apple can maximize the value derived from employees' skills and knowledge, ultimately leading to the creation of significant value within the organization. Furthermore, creating new value that does not exist in the current market could be costly due to its uncertain outcomes and longer time horizons (March, 1991). This is because the process of developing innovative offerings and introducing them to the market requires significant time and effort. Companies must invest in extensive research, development, testing, and refinement phases, all of which contribute to the prolonged time frame. The longer time horizon also poses challenges in terms of resource allocation and financial planning (Miles & Snow, 1978). Thus, organizations may need the capacity to sustain investments over an extended period without immediate returns. This requires careful strategic planning, adequate funding, and the ability to manage resources effectively throughout the development process.

Value Capture Policy. Organizations, even when pursuing the same strategic objective, may adopt different policies. This approach aims to create economic rents by implementing cost-cutting measures and obtaining human capital rents, a policy referred to as *value-capture* (Chadwick, 2017; Chadwick & Flinchbaugh, 2021). The value-capture policy underscores the significance of minimizing costs associated with acquiring and retaining human capital for these firms. The decision to pursue value-capture arises from the challenges encountered by resource-limited firms, including administrative burdens and managerial considerations (Chadwick et al.,

2015). By minimizing these costs, firms can allocate their organizational resources more efficiently and thus maximize their economic rents. For instance, a restaurant aiming for economic gains might reduce a chef's salary. Instead of gourmet dishes, they could focus on selling low-priced pasta, prepared by regular kitchen staff. By avoiding costs such as hiring external talent or training existing employees, they minimize labour costs. The savings they achieve in this way translate to increased economic returns (or human capital rents).

Organizations pursuing exploitation may require substantial investments in facilities and logistics to leverage economies of scale (Porter, 1980). Consequently, an alternative approach they may consider is to prioritize efficiency and lean operations, such as strategic partnerships, rather than direct investments. By collaborating with other organizations in the industry, they can access shared resources, utilize existing distribution networks, and leverage collective capabilities. Through such partnerships, they can reduce costs to create value in use and thus enhance their overall firm performance.

In addition, when organizations realize that achieving their strategic objectives necessitates long-term investments, such as dedicated time for designing and implementing comprehensive training initiatives, they may choose to prioritize shorter-term learning opportunities. This would involve emphasizing immediate effectiveness and practical application, allowing employees to rapidly acquire and apply new skills and knowledge in the work environment. For example, organizations can opt for leveraging the internal talent pool by hosting sessions where employees can showcase their expertise or share insights on specialized topics within organizations, rather than making significant investments in external training programs which take longer to realize a return on investment. This not only provides a platform for knowledge sharing but also fosters a culture of continuous learning and collaboration within the organization in a cost-efficient way.

Adapting HR Policies to Value Operation Policies

Combined with strategic objectives, value creation and value capture policies may contribute to explaining the heterogeneity in HR systems better. This is because the SHRM literature suggested the significant role of allocating organizational resources in the adoption of HR systems, considering the time, effort, and cost required to plan, implement, and administer them (Chadwick & Cappelli, 1999). Firms' cost of human capital incorporates the expenses of managing their HR systems. Thus, value capture of human capital can be achieved by reducing a firm's administrative HR costs (Chadwick & Flinchbaugh, 2021). For example, a firm may adopt a pay policy that is lower than the market known as a lag-market policy. By finding underpriced talents, the firm can increase human capital rents (or capture such rents) at the expense of employees' share of the use value that their human capital generates. In this regard, I elaborate on how the AMO dimensions can be diversified by distinct HR policies, which determine how administrative resources of HR practices will be allocated to generate human capital rents.

-- Insert Table 4 here --

Commitment Creation and Commitment Capture HR. In implementing their commitment HR, organizations in pursuit of exploration may have two alternatives based on their value creation and value capture policies, including *commitment creation* and *commitment capture* HR policies. In the ability domain, one way to nurture broadly-defined KSAOs for commitment HR would be to provide employees with longer-term career training. It is critical for exploration to locate new areas of innovation (Miles & Snow, 1978), incorporate broad and general knowledge search (Kang et al., 2007), and attain and retain employees with general skills and knowledge in multiple areas (Kang & Snell, 2009). Thus, commitment creation HR may prioritize longer-term career training to make their employees generalists. For instance, this involves providing

comprehensive and ongoing training programs that are designed to support employees' career progression and enable them to take on new challenges and responsibilities within the organization. By investing in longer-term career training, organizations aim to develop a highly skilled and adaptable workforce that can contribute to exploration and innovation efforts.

In contrast, commitment capture HR aims to capture employee commitment without making extensive investments in long-term development programs (Delery & Doty, 1996). The focus is on maximizing the effectiveness and efficiency of human capital utilization while minimizing costs. Thus, this approach involves nurturing employees with a shorter-term perspective. For instance, shorter-term career training focuses on providing employees with targeted and specific skills that are immediately applicable to their current roles and responsibilities. In nurturing generalists, training is focused on more job-specific and technical skills with less investment in broader skill development and career progression. By adopting shorter-term career training, organizations can strike a balance between employee commitment and administrative resources.

In the realm of motivation, commitment capture HR might prioritize fewer resources for development initiatives when compared to commitment creation HR. Employee development requires considerable investments, both monetary and nonmonetary, to support various developmental programs, including performance feedback and career ladders within organizations. Competitive compensation packages, complemented by long-term incentive plans, are essential to retain employees within the organization. However, organizations with a capture policy generate human capital rents by reducing monetary and administrative resources for employee development programs. For instance, it requires dedicated HR professionals or functions with specialized expertise to offer employees comprehensive training programs and

career development initiatives. To capture these costs, the capture HR approach involves reducing investment in employee development by minimizing the staff involved, shortening training durations, and selectively providing these programs to key talents.

Unlike the ability and motivation, the opportunity domain may exhibit minimal differences between creation and capture policies. Alternatively, organizations with a capture policy might prioritize opportunity practices. This is because decentralized communications primarily rely on employee's participation, rather than firms' investments. The purpose of decentralized communications is to encourage employees to develop a wide variety of behavioural repertoires that require "error-embracing" attitudes, which consider mistakes as an inevitable by-product of learning (Eisenhardt & Sull, 2001). Importantly, employees tend to feel more obliged to make changes when they are encouraged to provide constructive suggestions and communicate with others to generate and implement creative ideas (Fuller et al., 2003). Furthermore, participative HR practices are expected to provide an environment for change-oriented behaviours, including providing employees with the maximum information, encouraging their input in collective decision-making processes and allowing them to assume a variety of work roles (Cooke, 1994).

In organizations with value-creation policy, the focus may be on providing organizational support to facilitate decentralized decision-making and encourage employee involvement. This could involve investing in communication platforms and creating a culture that promotes autonomy and shared decision-making. Similarly, in organizations with value-capture, it is also desirable to adopt the decentralized nature of opportunities, allowing employees to leverage their knowledge, skills, and perspectives effectively. More important than substantial investment in administrative capabilities is the employees' perception that their voices and contributions are valued and can make a meaningful impact within the organization. This belief fosters a sense of

ownership and commitment toward the organization, leading to higher motivation to contribute and drive change in the workplace (Den Hartog & Belschak, 2007; Kehoe & Wright, 2013; Seibert, Wang, & Courtright, 2011).

Proposition 4. Commitment HR can be achieved through two distinct policies: commitment creation policy with longer-term career training and higher development investment; and commitment capture policy with shorter-term career training and lower investment, while both policies maintaining similar decentralized opportunities.

Performance Creation and Performance Capture HR. In implementing its HR principle aimed at performance, organizations in pursuit of exploitation may adopt different approaches, including *performance creation* and *performance capture* HR. For the development of narrowly-defined KSAOs, performance creation HR may focus on maximizing human capital rents by developing specialists with a longer-term perspective. Since they compete in a narrow, existing market, it is essential for exploitation organizations to retain internal talent that can nurture their employees to have industry-leading specialties (Guthrie, 2001). Thus, organizations with performance creation HR will provide extensive training opportunities and foster a culture of continuous learning and growth in order to nurture highly skilled workers within organizations. For instance, they externally search and internally develop job-specific programs, encourage employees to pursue advanced education or certifications, and offer opportunities for professional advancement. By nurturing specialists with deep expertise and knowledge, these organizations aim to generate the human capital value of high-quality performance.

On the other hand, performance capture HR prioritizes minimizing costs and capturing existing value, instead of investing such longer-term development. They aim in the same direction but employ different means such as tight budgets, limited manpower, or shorter-term

time horizons. For instance, they acquire required skilled workers by offering cost-efficient training programs that are developed internally, focused on key technologies, and exclusively available to core talents. In this way, they prioritize capturing value from their existing resources and capabilities, rather than heavy investment in the long-term development of employees. In sum, they focus on optimizing performance in the short term by leveraging resources efficiently.

In the motivation domain, performance creation HR places a strong emphasis on driving group performance through significant investments in performance management and incentives. For instance, these organizations implement robust performance management systems that set clear expectations, provide regular feedback, and evaluate employee performance against predetermined targets. Furthermore, they can also offer attractive incentives and rewards to motivate employees, including performance-based bonuses, commissions, profit-sharing plans, or recognition programs. By linking rewards to individual and group performance, organizations create a sense of accountability and encourage employees to exert their best efforts in achieving desired outcomes. In contrast, performance capture HR opts to prioritize facilitating performance while working within minimized resources. For instance, this may include simpler performance management approaches, such as periodic performance reviews or basic goal setting, rather than elaborate systems. In terms of incentives, they may offer more modest rewards or rely on non-monetary incentives like public recognition and praise.

In the opportunity domain, there is no significant distinction in centralized communications between performance creation and performance capture HR approaches. This is because the implementation of top-down communication and formal procedures can be achieved without substantial financial investments and administrative complexities. For instance, centralized communications can be established through clear communication channels, structured meetings,

and standardized reporting processes (Kang & Snell, 2009). These can be implemented without incurring significant costs. Therefore, organizations pursuing both performance creation and performance capture HR can leverage centralized communications as a means to ensure consistent information flow, alignment of goals, and coordination of activities across the organization (Crossan et al., 1999).

Proposition 5. Performance HR can be achieved through two distinct policies: performance creation policy with longer-term job training and higher investment in performance; and performance capture policy with shorter-term job training and lower investment, while both policies maintaining similar centralized opportunities.

Hybrid Creation and Hybrid Capture HR. Since the hybrid HR principle combines commitment and performance HR, two distinct policies within the hybrid HR are also expected to follow a similar pattern as other HR policies.

For the ability and motivation domains, the focus of *hybrid creation* HR lies in enhancing the value that human capital generates for both the organization and its employees, achieved through a combination of coercive and cooperative methods. Consequently, this approach expands the difference between a company's human capital costs and the value derived from the use of that human capital. In contrast, the aim of *hybrid capture* HR resides in reducing the administrative expenses associated with managing human capital. This approach involves streamlining HR processes, optimizing the allocation of resources, and finding efficient ways to support employees' development and performance. Additionally, it emphasizes the need for a balanced approach that optimizes firm performance and employee efficiency.

Similar to other opportunity domains, the opportunities within hybrid capture HR may follow a similar pattern to those within hybrid creation HR. Both HR approaches focus on

contextual communications, and these do not necessitate substantial investments of organizational resources, leading to no significant differences in particular opportunities.

Proposition 6. Hybrid HR can be achieved through two distinct policies: hybrid creation policy with longer-term career/job training; and higher investment in development/performance and hybrid capture policy with shorter-term career/job training and lower development/investment, while maintaining contextual opportunities.

Chapter Summary

Despite various conceptual models, the existing HR configurations have historically been overly generic, failing to capture the potential diversity of HR systems in real-world applications. To address this issue, Study 1 proposed a more diverse range of HR systems based on a parallel architecture approach, where HR principles and policies are designed in parallel with those of the organization. As a result, this study presented three HR principles, including commitment, performance, and hybrid. Specifically, the commitment HR is crucial for fostering innovation in exploration organizations. It motivates employees to contribute discretionary efforts by aligning their interests with the organization and promoting collaboration, exchange of knowledge, and cross-functional teamwork. Next, performance HR is essential for productivity-enhancing organizations. They strive to exploit current market opportunities by harnessing specialized human capital and a narrow organizational structure, focusing on short-term performance through a centralized approach. Lastly, hybrid HR is crucial for mixture-enhancing organizations that combine elements of both exploitation and exploration. The hybrid HR system requires a particular human capital and organizational structure, such as search and reverse engineering, mid-term and performance-focused, and coexistence of formalized and decentralized.

The study further explores the idiosyncratic value operations of organizations, considering two distinct HR policies: value creation and value capture. Value creation emphasizes enhancing the value of human capital, while value capture focuses on minimizing human capital investment to secure economic rents. By cross-classifying strategic objectives and value diversification, this study suggested six HR systems, including commitment creation and capture HR, performance creation and capture HR, and hybrid creation and capture HR, which are aligned vertically with organizational strategies and horizontally with the AMO framework.

This study may contribute to the field of SHRM by offering a comprehensive explanation of the heterogeneous nature of HR systems in use. First of all, this study seeks to reinvigorate the role of strategy within the SHRM literature. Over time, there has been a noticeable gap where the intricate connections between strategic objectives and HR systems might have been under-emphasized. In essence, this study underscores that for HR systems to be effective, they must be theorized and implemented in alignment with the overarching organizational objectives. This integrative approach ensures that HR practices not only support but also drive the strategic goals of the organization, emphasizing the pivotal role of HR in achieving competitive advantage.

Furthermore, this study acknowledges the rich choices available to organizations in designing their HR systems, even when they are anchored to the same strategic intent. It recognizes that organizations, influenced by their unique value operation policies, might adopt varied configurations of HR practices. By accommodating this diversity, the study captures the multifaceted ways in which firms enact HR practices to achieve the same strategic goals.

Finally, this study also offers practical insights to practitioners and decision-makers in organizations. Recognizing the challenges faced by these leaders in tailoring HR systems to the unique contours of their organizations, this study offers more tangible solutions. It presents a

roadmap on how to effectively configure HR practices, ensuring they are not just operationally sound but also strategically aligned. By meticulously linking HR configurations with organizational strategy and value operation policies, the study provides a guide on how to design HR interventions that both resonate with the organization's strategic ambitions.

In the following chapters, the existence and effectiveness of the HR systems theorized in Study 1 will undergo empirical examination. Study 2 verifies whether the theorized HR systems can accurately represent heterogeneity in the real world. Subsequently, Study 3 investigates whether specific organizational strategies and value operations can predict particular HR systems. It will also assess the actual outcomes when organizations adopt HR systems that are parallelly aligned, as theorized in Study 1.

Figure 1. Parallel Alignment between Organization and HR Systems

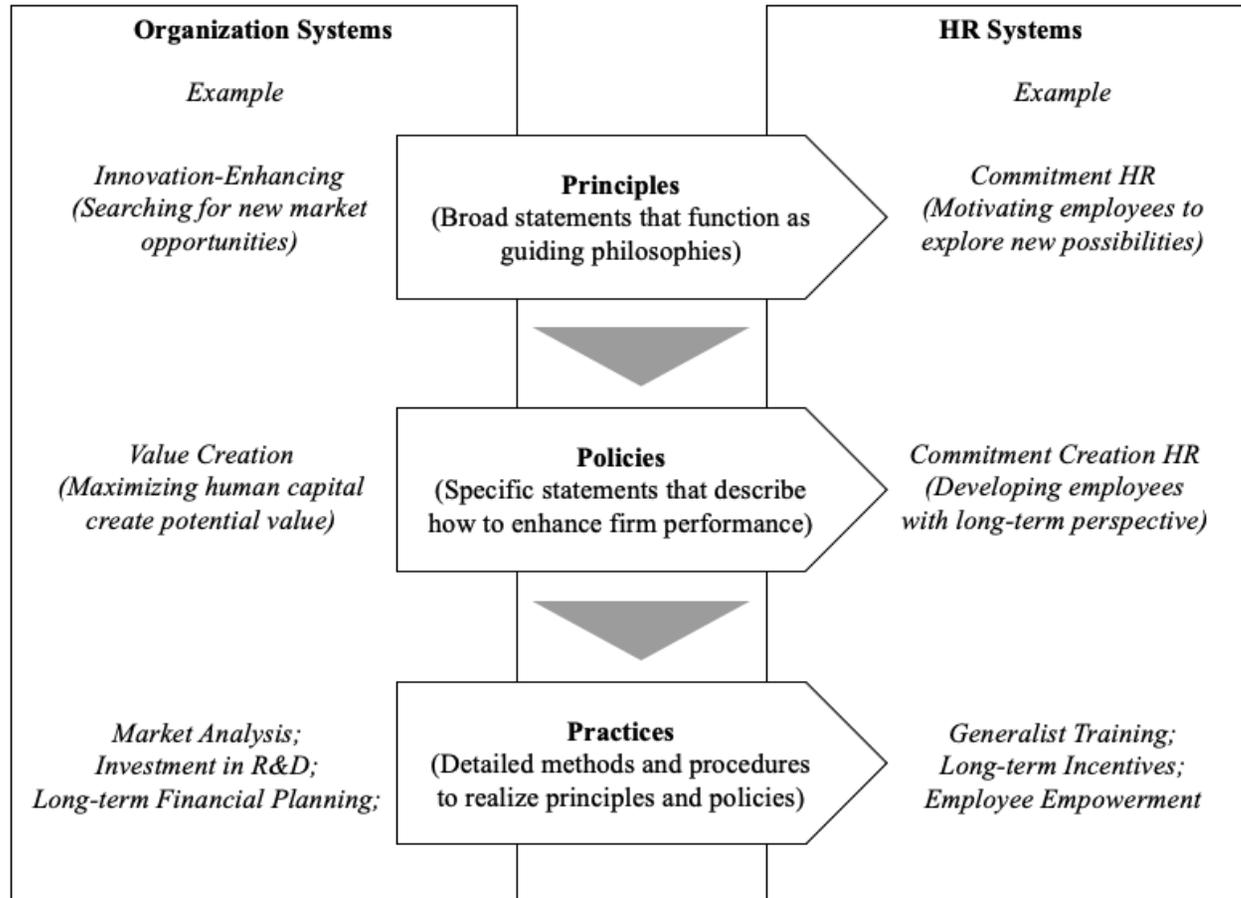


Figure 2. Theorizing Dual Fit Alignment Based on Parallel Architecture and AMO Framework

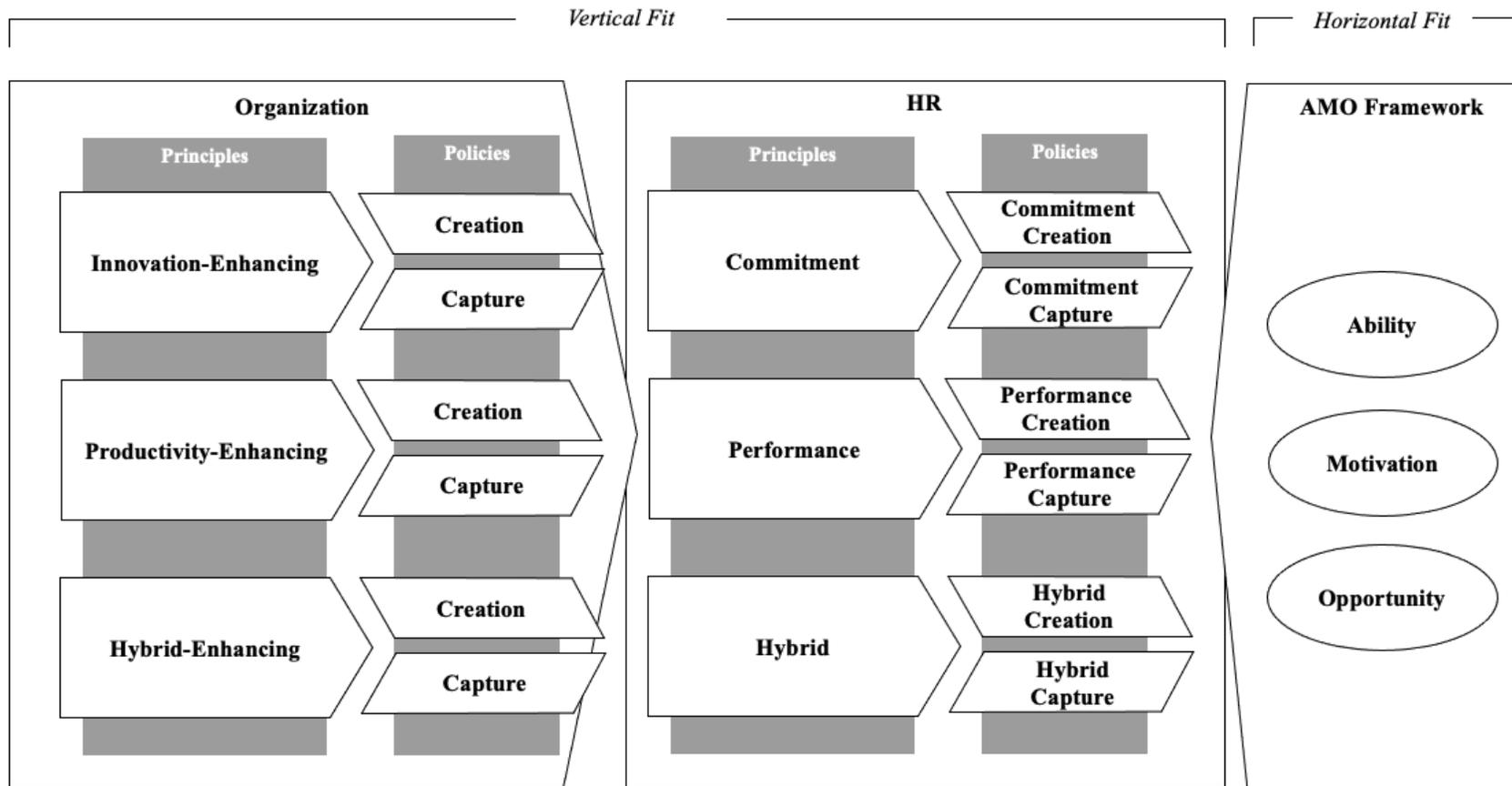


Table 1. Organization Principles Based on Strategic Objectives of Organizations

	Exploration	Exploitation	Ambidexterity
Strategic objectives	Finding new markets by transforming existing products and services into new business opportunities (March, 1991)	Competing in existing market with high-quality/low-cost products and services (March, 1991)	Operating in existing and new market proved to be promising simultaneously (Tushman & O'Reilly, 1996)
Other typologies	<ul style="list-style-type: none"> • Prospectors (Miles & Snow, 1978) • Differentiation (Porter, 1980) • First movers (Lieberman & Montgomery, 1998) 	<ul style="list-style-type: none"> • Defenders (Miles & Snow, 1978) • Cost Leadership (Porter, 1980) 	<ul style="list-style-type: none"> • Analyzer (Miles & Snow, 1978) • Focus (Porter, 1980) • Fast followers (Lieberman & Montgomery, 1998)
Organization principle	<i>Innovation-enhancing</i>	<i>Productivity-enhancing</i>	<i>Mixture-enhancing</i>
Human capital and organizational structure	<ul style="list-style-type: none"> • General and transferrable • Long-term and development-focused • Interdependent and decentralized 	<ul style="list-style-type: none"> • Narrow and specialized • Short-term and performance-focused • Formalized and centralized 	<ul style="list-style-type: none"> • Search and reverse engineering • Mid-term and performance-focused • Coexistence of formalized and decentralized
Reference cases	<i>Apple Inc.</i>	<i>Dell Technologies Inc.</i>	<i>Samsung Electronics Co., Ltd.</i>

Table 2. HR Principles Aligned with Vertical and Horizontal Fit

Organization principle	Innovation-enhancing	Productivity-enhancing	Mixture-enhancing
<i>Vertical fit</i>			
HR principle	<i>Commitment HR</i>	<i>Performance HR</i>	<i>Hybrid HR</i>
	Motivating employee engagement to explore new opportunities	Maximizing individual and collective performance for operational efficiency	Maintaining a balance between innovation and productivity
<i>Horizontal fit</i>			
Ability	<i>Broadly-defined KSAOs</i>	<i>Narrowly-defined KSAOs</i>	<i>Structural KSAOs</i>
	Defining a wide range of skills and knowledge that span multiple disciplines or areas of expertise	Defining specific skills and knowledge that are directly relevant to the task performances	Creating distinct functions within the organization that cater to broadly- and narrowly-defined KSAOs
Motivation	<i>Development drive</i>	<i>Productivity drive</i>	<i>Integrative drive</i>
	Fostering a work environment that encourages and nurtures employees' desire to grow, learn, and innovate	Setting clear individual performance expectations, establishing measurable goals and feedback on performance	Aligning individual and collective goals to integrate growth and productivity motivations
Opportunity	<i>Decentralized communications</i>	<i>Centralized communications</i>	<i>Contextual communications</i>
	Creating an organizational culture that encourages autonomy, collaboration, and information-sharing	Ensuring that information flows efficiently and effectively across the organization	Adopting both decentralized and centralized approaches based on the specific needs and circumstances

Table 3. Organization Policies Based on Value Operations

<i>Organization Policies</i>	Value-Creation	Value-Capture
Investment in human capital	<i>Creating value in use</i>	<i>Reducing the costs</i>
	Maximizing employees' skills and knowledge to the highest level of potential value that they can generate	Minimizing the cost of acquiring and retaining human capital and thus enhancing economic rents
Investment in time horizons	<i>Longer-term</i>	<i>Shorter-term</i>
	Operating with a longer time horizon with strategic resource allocations, substantial investments in R&D, and the implementation of long-term plans	Prioritizing immediate impact and practical application, quickly acquiring existing competencies and applying them in the workplace

Table 4. Adapting HR Policies to Value Creation and Value Capture Policies

<i>HR Principle</i>	Commitment HR		Performance HR		Hybrid HR	
<i>HR Policy</i>	Creation	Capture	Creation	Capture	Creation	Capture
Ability	<i>Longer-term career training</i>	<i>Shorter-term career training</i>	<i>Longer-term job training</i>	<i>Shorter-term job training</i>	<i>Longer-term career/job training</i>	<i>Shorter-term career/job training</i>
	<ul style="list-style-type: none"> • Nurturing generalists with longer-term perspective 	<ul style="list-style-type: none"> • Nurturing generalists with shorter-term perspective 	<ul style="list-style-type: none"> • Making specialist with longer-term perspective 	<ul style="list-style-type: none"> • Making specialist with shorter-term perspective 	<ul style="list-style-type: none"> • Fostering generalist and specialist with longer-term perspective 	<ul style="list-style-type: none"> • Fostering generalist and specialist with shorter-term perspective
Motivation	<i>Higher investment in development</i>	<i>Lower investment in development</i>	<i>Higher investment in performance</i>	<i>Lower investment in performance</i>	<i>Higher investment in development/performance</i>	<i>Lower investment in development/performance</i>
	<ul style="list-style-type: none"> • Encouraging individual development with higher investment 	<ul style="list-style-type: none"> • Encouraging individual development with lower investment 	<ul style="list-style-type: none"> • Driving group performance with higher investment 	<ul style="list-style-type: none"> • Driving group performance with lower investment 	<ul style="list-style-type: none"> • Motivating development/performance with higher investment 	<ul style="list-style-type: none"> • Motivating development/performance with lower investment
Opportunity	<i>Decentralized decision-making</i>		<i>Centralized decision-making</i>		<i>Contextual decision-making</i>	
	<ul style="list-style-type: none"> • Delegating employees to make decisions and take actions that lead to personal growth and fulfillment 		<ul style="list-style-type: none"> • Pursuing the hierarchical control from top management to employees 		<ul style="list-style-type: none"> • Simultaneously implementing delegation and control mechanisms to effectively manage and empower employees 	

CHAPTER THREE: IDENTIFYING EXISTENCE OF THEORIZED HR SYSTEMS

In the preceding chapter, Study 1 introduced a parallel architecture approach, positing that human resources (HR) systems ought to be directly aligned with organization systems. Within this framework, three fundamental HR principles were identified: commitment, performance, and hybrid HR. These are aligned with exploration, exploitation, and ambidextrous organizations, respectively. Building upon this, the study probed into the unique value operations of organizations, underscoring two primary HR policies: value creation and value capture. While the former emphasizes the enhancement of human capital value, the latter focuses on minimizing human capital investment to yield economic rents. By juxtaposing strategic objectives with value diversification, the study defined six distinct HR systems, including commitment creation and capture HR, performance creation and capture HR, and hybrid creation and capture HR. These systems are in alignment both vertically with organizational strategies and horizontally with the ability-motivation-opportunity (AMO) framework.

Following the initial groundwork laid out in Study 1, it becomes crucial for Study 2 to further scrutinize the applicability of these theoretical HR systems in actual organizational contexts. This verification step is not just a mere continuation of the study, but a pivotal juncture. As highlighted in Chapter One, a notable gap in the strategic human resources management (SHRM) literature arises from the misalignment between theoretical propositions and their empirical validation. This divergence often leads to a diminished emphasis on strategy, potentially making the missing strategy issue in the SHRM literature. By ensuring that the HR systems theorized actually resonate with the diverse and complex realities faced by organizations, this research endeavours to bridge this gap.

In the early 1980s, scholars in the field of SHRM postulated the relationship between HR and strategy (e.g., Baird & Meshoulam, 1988; Lengnick-Hall & Lengnick-Hall, 1988; Miles & Snow, 1984). However, many of these theoretically-derived HR systems did not garner empirical support when subjected to testing (Doty et al., 1993). Consequently, subsequent studies in the 1990s shifted their focus towards investigating the effectiveness of particular HR systems, which led to limited theoretical thoroughness and practical implications (Wright & Ulrich, 2017).

From a theoretical perspective, existing empirically-derived high-performance work systems (HPWSs) have often been criticized for their lack of theoretical grounding, attributed to their *post hoc* reasoning processes. Most of these HR systems follow three steps. Firstly, researchers choose HR practices from previous studies based on personal preference, often without theoretical foundations. Then, they use grouping methods, such as cluster analysis, to identify HR systems. For example, Toh and colleagues (2008) selected a set of HR practices that were commonly used in previous studies or recommended in a U.S. government checklist. Then, the validity was assessed by two subject matter experts simply because there is no consensus on HR practices that constitute HPWSs. Finally, they proposed five HR systems, justifying that they “felt” that fewer than five, or three or four, would be too simplistic (Toh et al., 2009: 868). This post hoc approach not only lacks a theoretical basis but also deviates from the definition of SHRM, as such HR systems are challenging to align with firm strategies.

From a practical perspective, gaps have been existed between HR researchers and HR practitioners. HR systems based on post hoc reasoning may describe the heterogeneity of HR systems in use. However, such systems cannot provide HR professionals with the answer to a fundamental question: *which HR practices constitute the optimal HR system given*

organizational strategies? These HR systems merely illustrate the existence of diverse HR forms without elucidating the rationale behind the inclusion of specific HR practices within them.

To address these gaps, two steps would be essential. First, HR practices should be pre-configured before empirical investigation, grounded in specific organizational strategies. Second, a systematic approach is necessary to determine both the number of existing HR systems in use and how founded profiles of HR practices in those systems are aligned with previous theoretical models. In this regard, Study 2 undertakes an examination of the theorized HR systems in Study 1 using a model-based approach. In their recent review, Boon and colleagues (2019) proposed that a model-based approach, such as latent profile analysis (LPA), can offer distinct advantages compared to traditional post hoc methods. This approach involves the prediction of a priori membership profiles followed by probability estimates of group membership in each profile, relying on statistically derived diagnostics to determine the optimal number of profiles (Hauff et al., 2014). Recently, within the realm of SHRM studies, there has been an increasing adoption of LPA to pinpoint HR configurations that integrate a variety of HR practices (Boon et al., 2019).

This study utilizes data from a South Korean panel study. Situated within a recently developed economic context, South Korea presents an intriguing backdrop for this study. The majority of South Korean companies have enthusiastically embraced more globalized HR practices for their performance enhancing qualities (Bae, 1997; Chadwick et al., 2015). Compared to the gradual evolution of HR systems in North America, South Korea's HR strategies have been expertly crafted with a pressing intent, stemming from its rapid economic development and the need to leverage human capital to compete with established Western economies. Therefore, exploring the diffusion of such practices in South Korea can shed light on factors influencing their adoption, variations in implementation, and potential impacts on

employee performance and organizational outcomes within the unique socio-economic context of this country. This unique context offers this study a valuable opportunity to explore the presence and impact of HPWSs in a dynamic and rapidly evolving economic environment.

Theoretical Backgrounds and Hypothesis

The theoretical foundation of SHRM relies on three competing perspectives (Delery & Doty, 1996). The *universal* perspective argues there are best HR practices which contribute to positive organizational outcomes for all firms regardless of context. The *contingency* perspective argues that HR practices work best when they are vertically aligned with their external context. Lastly, the *configurational* perspective argues that an HRM system will operate most effectively when it demonstrates both vertical and horizontal fit, the latter meaning a logically coherent set of HR practices that support and reinforce one another.

Among the three different perspectives, the configurational perspective has been widely accepted as the most appropriate theoretical approach for SHRM studies (Delery & Doty, 1996). This is because the configurational perspective stands apart from the other two due to its adherence to a comprehensive approach in research, often grounded in typologies of archetypal models, and a deliberate embrace of the systemic concept of “equifinality.” (Doty et al., 1993; Doty & Glick, 1994; Meyer, Tsui, & Hinings, 1993; Miller & Friesen, 1984). Under the equifinality assumption, there can be multiple HR systems that exhibit equal effectiveness on firm performances (Doty et al., 1993). Moreover, the configurational perspective is well aligned with the dual fit of HR systems as defined in the SHRM literature (Wright & McMahan, 1992).

The configurational perspective centers on identifying HR practices that are commonly integrated within an HR system. Its underlying assumptions are based on the premise that there exist distinct profiles of HR practices, all of which can be equally effective (Boon et al., 2019).

Furthermore, this perspective posits that the relationships between HR practices within a system are nonlinear and synergistic (e.g., Meyer et al., 1993). In search for synergistic effects among HR practices, the AMO framework has found extensive application within the field of SHRM. In this framework, HR systems aimed at optimizing employee performance can be interpreted as a fusion of three elements intended to enhance employee skills, motivation, and opportunity (Appelbaum et al., 2000; Bailey, 1993; Boxall & Purcell, 2008; Delery & Shaw, 2001; Gerhart, 2007; Katz, Kochan, & Weber, 1985; Lepak et al., 2006). In the SHRM literature, a number of empirical investigations have embraced and verified the legitimacy of this conceptual framework (e.g., Bailey, Berg, & Sandy, 2001; Batt, 2002; Gardner, Wright, & Moynihan, 2011; Han et al., 2019; Kehoe & Wright, 2013; Liao, Toya, Lepak, & Hong, 2009; Subramony, 2009).

Aligned with these research endeavors, Lepak and colleagues (2006) proposed a valuable avenue by which HR practices could be comprehended through these AMO dimensions. To elaborate, HR practices aimed at ability-enhancing practices encompass facets like exhaustive recruitment, rigorous selection processes, and extensive training initiatives. In the realm of motivation-enhancing practices, strategies include developmental performance management, competitive compensation, incentive structures, comprehensive benefits, promotions, and career development. Meanwhile, opportunity-enhancing practices revolve around empowering employees to harness their skills and motivation for organizational success. In what follows, with the aim of empirically exploring the existence of varied HR configurations, this study proposes hypotheses about the distinct composition of AMO dimensions within each HR system, which would constitute a pivotal aspect in the scrutiny of a model-based approach guided by a priori reasoning.

-- Insert Figure 1 here --

HR Profiles for Organizations with Value Creation Policies

Commitment Creation HR Profiles. As outlined in Study 1, the AMO domain associated with the commitment HR principle encompasses broadly-defined KSAOs, development drive, and decentralized communication.

Organizations aiming for broadly-defined KSAOs are more likely to prioritize career-oriented training, given its emphasis on a longer-term perspective for cultivating generalists within the organization. This approach to training generalists encompasses initiatives, including cross-training programs like job rotation and knowledge-sharing (Kehoe & Collings, 2017). For instance, Apple has implemented a program that fosters collaboration and innovation among its employees, referred to as the “Blue Sky” initiative (Lessin, 2012). This program encourages employees to dedicate a portion of their time to pursuing innovative ideas and projects that may fall outside their regular responsibilities. This program provides employees with the opportunity to explore their passions, think creatively, and collaborate with colleagues from different teams. These programs promote interdisciplinary collaboration, encourage employees to expand their skill sets, and create opportunities for serendipitous encounters that foster innovative thinking (see Table 1 for a summary of distinct profiles).

-- Insert Table 1 here --

Due to the idiosyncratic characteristics of human capital that different strategies demand, organizations with particular HR principles may adopt distinct profiles of HR practices to motivate employees. Commitment HR encourages employee growth and learning, which necessitate reciprocal investments from both employers and employees. Consequently, organizations embracing commitment HR invest in a range of HR practices to motivate their employees, including above-average salaries, long-term incentives, and performance

management practices that emphasize employee development (Arthur, 1994; Collins & Smith, 2006). These programs are designed to foster a high-quality employee–employer relationship and motivate employees to contribute above and beyond their job’s requirements (Batt, 2002; Tsui et al., 1997). For example, offering an above-average salary can contribute significantly to long-term employee commitment due to various psychological, financial, and career-related reasons. An above-average salary provides employees with financial stability and the ability to meet their personal and family needs comfortably (Arthur, 1992, 1994). When employees are satisfied with their compensation, they experience reduced financial stress, leading to a greater sense of well-being. Furthermore, with financial concerns alleviated, employees can focus more on their growth within the organization (Collins & Smith, 2006).

Social exchange theory (Blau, 1964) provides a fundamental framework for understanding how commitment HR practices can impact employee motivation by cultivating a positive work environment that encourages these employees to contribute through heightened effort. According to social exchange theory, commitment HR establishes a mutually beneficial dynamic in which organizations invest in their employees, prompting employees to reciprocate by engaging in higher levels of discretionary behaviours (Sun, Aryee, & Law, 2007; Tsui et al., 1997). To optimize the benefits of employee contribution, commitment HR often involves providing employees with long-term incentives like stock options and employee stock ownership plans (Batt, 2002). Furthermore, the focus of performance management might be on developing employees capable of making significant contributions over the long term, as these HR practices collectively foster a positive work environment for employees (Collins & Smith, 2006).

HR practices aiming at decentralized decision-making involve various activities designed to distribute decision-making authority across various levels of the organization rather than

centralizing it at the top. This approach empowers employees, fosters a sense of ownership, and can lead to quicker and more informed decisions. Empowerment is a fundamental concept in decentralized decision-making. It involves providing employees with the tools, information, and authority needed to take ownership of their tasks and make informed decisions (Rappaport, 1981, 1984). For instance, Apple embraces this approach by empowering employees to contribute to the innovation process throughout the organization. Apple's internal communication platforms, such as forums and collaboration tools, enable employees from different teams and departments to exchange ideas, provide feedback, and collaborate on innovative projects. Empowered employees are more engaged, motivated, and committed to the organization's success (Perkins & Zimmerman, 1995). Through delegated decision-making, employees are granted the autonomy to make independent decisions. This not only promotes responsible decision-making but also ensures that employees consider the potential impact of their choices (Liu, Zhang, Wang, & Lee, 2011). In line with this, commitment HR places emphasis on providing employees with greater delegation. Such practices foster a supportive work environment, encouraging employees to contribute more. These practices also reinforce emotional attachment and identification with the company, leading to increased employees' voluntary effort (Tsui et al., 1995).

Hypothesis 1a: Commitment creation HR will prioritize training for generalists, performance for development and long-term incentives, and employee empowerment.

Performance Creation HR Profiles. As suggested in Study 1, the AMO domain related to the performance HR principle incorporates narrowly-defined KSAOs, productivity drive, and centralized communication.

Performance HR emphasizing narrowly-defined KSAOs tends to cultivate specialists. Such HR will allocate moderate resources towards generalist training initiatives but make a higher

investment in job-performance enhancing programs, such as on-the-job training (OJT) and coaching programs tailored to individual needs and their job responsibilities (Kang & Snell, 2009). Specialist development programs in organizations are structured initiatives designed to enhance the skills, knowledge, and expertise of employees in a specific field or domain. The goal of specialist development programs is to deepen employees' expertise, keep them up-to-date with the latest trends and advancements in their field, and ultimately contribute to the organization's success by leveraging their specialized skills (Taylor & Greve, 2006). For instance, Dell offers technical certification programs that focus on specific skills and competencies relevant to different job roles. These programs ensure that employees possess the necessary knowledge and expertise to perform their roles efficiently. By investing in these programs, Dell enables employees to continually develop their narrowly-defined KSAOs, aligning their capabilities with operational excellence.

Performance HR prioritizes the maximization of both individual and collective performance to enhance operational efficiency. This can be represented by economic exchange, where transactions between employer and employees are not long-term but represent discrete, financially oriented interactions (Shore, Tetrick, Lynch, & Barksdale, 2006). Therefore, rather than fostering employee career development, organizations aligned with performance HR tend to seek individuals who already possess the requisite skills (Snell & Dean, 1992; Tsui, Ashford, Clair, & Xin, 1995). Since these individuals may leave the organization, such organizations are inclined to standardize jobs to facilitate more efficient replacements. This doesn't imply that these employees are short-term in nature; rather, it signifies that due to their transferable human capital, firms tend to adopt a shorter time horizon to ensure productivity. Rather than emphasizing performance appraisals for long-term development, firms are more likely to adopt a

results-oriented approach (Snell, 1992; Snell & Youndt, 1995). Thus, in comparison to commitment HR, performance HR is likely to feature relatively lower salaries, fewer long-term incentives, and reduced emphasis on developmental performance. Conversely, it may emphasize higher short-term incentives and performance appraisal for short-term performance (Kang & Snell, 2009). For example, Dell fosters a productivity-driven culture through programs that encourage continuous improvement and goal alignment. They have performance management that sets clear performance expectations, establishes measurable productivity goals, and provides regular feedback to employees. Dell's performance management includes setting individual performance targets and conducting regular performance discussions to track progress, identify areas for improvement, and support employees in enhancing their productivity.

Centralized decision-making with a top-down control approach is an approach of performance-oriented organizations where key decisions are made by a select group of individuals at the top levels of an organization, and these decisions are then cascaded down to lower levels for implementation (Siggelkow & Levinthal, 2003). This approach is often used to enhance productivity by creating a structured and efficient decision-making process. For instance, Crossan et al. (1999) noted that standardized processes institutionalize existing knowledge within organizational routines that help establish a common frame of reference among employees. Similarly, Katila and Ahuja (2002) have noted that accumulated knowledge embedded in centralized control system is typically perceived as more reliable, robust, and legitimized. For example, Dell utilizes internal communication platforms, such as digital workplace portals or intranet systems, that provide a centralized hub for employees to access company-wide announcements, policies, and resources. These platforms enable seamless communication and facilitate knowledge sharing across teams and departments.

Dell also publishes employee newsletters on a regular basis, featuring articles, interviews, and updates on various aspects of the organization. These newsletters provide a comprehensive overview of company initiatives, achievements, and important announcements, keeping employees informed and engaged. These programs help foster a culture of centralized communication, ensuring the most up-to-date information on communication initiatives.

Hypothesis 2a: Performance creation HR will prioritize training for specialists, performance for productivity and short-term incentives, and management control.

Hybrid Creation HR Profiles. As discussed in Study 1, AMO domains related to the hybrid HR principle include structural KSAOs, integrative drive, and contextual communication.

Hybrid HR is expected to make high investments in both generalist and specialist training. This is because the concept of a hybrid HR approach signifies the adoption of a comprehensive strategy that combines elements of performance and commitment HR practices, encompassing a wide range of competencies that contribute to their effectiveness in their roles. To achieve their dual cultivation of KSAOs, organizations pursuing a hybrid HR approach are expected to invest significantly in training programs that cater to both generalist and specialist skill development. A hybrid HR approach acknowledges that the workforce needs to possess a balance of skills to navigate diverse challenges and seize opportunities in a dynamic business environment. This requires addressing the broader skill needs as well as the narrower, role-specific demands.

Hybrid HR may embrace multiple motivation practices that are used not only to boost individual employee growth but also to enhance overall organizational performance. Rather than viewing these two aspects as separate goals, such organizations recognize the interconnectedness between employee development and the achievement of organizational productivity. For

instance, Samsung Electronics employs integrative motivations that simultaneously foster growth and productivity drive among its employees. The company promotes a career of continuous learning and development, providing numerous training and development programs to enhance employee skills and knowledge. Samsung also emphasizes productivity through performance management systems that set clear goals, monitor progress, and provide recognition and rewards for achieving targets. These initiatives encourage personal and professional growth while also contributing to the company's overall innovation capabilities.

Commitment HR may exhibit high levels of employee empowerment but moderate management control practices. In contrast, performance HR is likely to display the opposite pattern: moderate employee empowerment alongside high management control. On the other hand, hybrid HR approaches necessitate the simultaneous implementation of delegation and control mechanisms, thereby leading to expectations of high levels for both practices. For instance, Samsung Electronics recognizes the significance of contextual communication and adopts a flexible approach by utilizing both decentralized and centralized communication methods to cater to specific needs. The company promotes decentralized collaboration through various platforms and initiatives. They leverage digital collaboration tools and internal social networks that enable employees to share ideas, collaborate on projects, and contribute to innovation across different teams and departments. Additionally, Samsung organizes centralized events like town hall meetings and leadership forums, where executives share strategic direction, foster organizational alignment, and acknowledge exceptional performance.

Hypothesis 3a: Hybrid creation HR will prioritize training for both generalists and specialists, motivation for short-term productivity and long-term commitment, and opportunity for employee empowerment and management control.

HR Profiles for Organizations with Capture Policies

While developing generalists or specialists, organizations following a capture policy, as opposed to a creation policy, might allocate lower levels of investment due to their shorter-term perspective. For example, in order to strike a balance between employee commitment and administrative resources, commitment capture HR is likely to reduce labour costs by providing employees with targeted training programs that cultivate generalists, rather than a broad range of skills and knowledge that necessitate significant monetary investments. Considering that career progression of generalists typically spans a longer timeframe, organizations might explore means to expedite the advancement of their employees. This might involve a selective focus on programs that can offer quick-win solutions. Similarly, a performance-capture approach would emphasize job training designed to be completed within a relatively brief timeframe. These programs aim to equip employees with specific skills and knowledge that directly and immediately enhance their job performance. For instance, OJT might focus more on hands-on knowledge and actionable techniques rather than being comprehensive, concentrating on allowing employees to immediately apply what they have learned upon completing the training.

Organizations with capture HR policy may have relatively lower investment in salary and incentives while focusing on a more balanced and holistic approach to fostering employee motivation. Offering competitive salaries and incentives to employees involves a substantial financial commitment for companies. This is because these monetary rewards are often a significant portion of an organization's budget, as they directly impact the overall labor costs. While higher salaries and performance-based incentives are often assumed to motivate employees to perform better and contribute to higher firm performance, the direct link between monetary rewards and enhanced organizational outcomes isn't always guaranteed. Therefore,

organizations with capture HR policy might minimize or limit their investment in certain HR practices due to uncertainties or perceived inefficacies, resulting in relatively lower levels of motivation practices compared to creation policy.

Unlike ability (A) and motivation (M) practices that may involve costs for training programs, rewards, or recognition systems, opportunity (O) practices like empowerment and management control often rely more on creating a supportive culture and providing employees with the necessary tools and authority, which does not necessarily require direct monetary investment or continuous intensive managerial attention. For example, empowerment involves giving employees the autonomy and authority to make decisions related to their work. Empowered employees have the freedom to take ownership of their tasks, contribute ideas, and execute decisions within their roles without monetary incentives or managerial engagement. For management control, while managerial attention is still required for setting clear expectations, providing resources, and overseeing progress, the day-to-day involvement might be less intensive compared to ability and motivation practices. Thus, organizations with a capture policy might find it more feasible to sustain consistent levels of opportunity practices since they may not involve substantial financial and/or managerial commitment. Such organizations are expected to maintain the same levels of these practices without significant changes.

Hypothesis 1b: Commitment capture HR will show similar but lower patterns than commitment creation HR in A and M practices but the same level in O practices.

Hypothesis 2b: Performance capture HR will show similar but lower patterns than performance creation HR in A and M practices but the same level in O practices.

Hypothesis 3b: Hybrid capture HR will show similar but lower patterns than hybrid creation HR in A and M practices but the same level in O practices.

Method

Sample

This study used the Human Capital Corporate Panel (HCCP) administered by the Korean Research Institute for Vocational Education and Training (KRIVET). The participants of the HCCP surveys are privately owned South Korean firms with more than 100 employees. The HCCP eliminated firms with fewer than 100 employees from the sample. They did not provide the reason, but one plausible reason for this might be that smaller firms are less likely to have formal HR practices (Chadwick et al., 2015).

The HCCP provides excellent features for examining the hypotheses of this study, as it encompasses a comprehensive range of HR practices reported by HR officers, along with crucial measures of communication styles collected from employees. The KRIVET has been conducting the HCCP survey every two years from 2005 to 2017, and each wave has a sample size of almost 500 firms. This study used the fifth wave, which was conducted in 2013, for several reasons. Notably, the temporal dynamics of HR systems suggest a significant lag between implementation and observable benefits, as documented in prior research by Huselid and Becker (1996) and more recent findings by Shin and Konrad (2017). The selection of the fifth wave aligns with the temporal requirements necessary for the impact of HR practices on firm performance to manifest, allowing the study to capture longer-term outcomes in Study 3. The deliberate choice of the fifth wave facilitates an analysis of longer-term firm performance, specifically three years later. This extended timeframe provides a nuanced understanding of how HR systems exert influence on organizational outcomes over an extended period, offering insights into the sustained impact of these practices on the business.

The decision to conduct the fifth wave in 2013 is also strategic, as it enables the study to measure HR systems during a relatively stable economic period in South Korea. This timeframe is particularly relevant given the historical context of the Asian Financial Crisis from 2007 to 2009. By selecting a period of economic stability, the study seeks to minimize the influence of crisis-driven behaviours on HR decisions, providing a more accurate assessment of HR practices. Moreover, the two-wave gap after 2009 is considered sufficient for assessing stabilized HR practices. Post the Asian Financial Crisis, organizations often undergo adjustments in response to economic challenges. This post-crisis period allows for the evaluation of HR practices after companies have had time to adapt, offering a clearer picture of the stabilized state of HR interventions.

Finally, the study acknowledges the emergence of COVID-19 in 2020 as an unprecedented disruptor to the global economy. By anchoring the research in the fifth wave, which predates the pandemic, the study can focus on the stability of HR practices before this unforeseen disruption, providing valuable insights into organizational resilience amid unforeseen challenges. The careful consideration of waves, particularly the fifth wave of the HCCP, enhances the study's ability to delve into the long-term impact of HR systems, taking into account economic stability and unforeseen disruptions. As discussed above, Study 3 investigates the longer-term ($t + 3$) effects of HR systems on firm performance using the same sample of Study 2. Consequently, the fifth wave, surveyed in 2013 with longer-term measurements taken in 2016, offers a distinctive window into a phase of relative stability in the global business landscape, positioned between two notable economic events: the Asian Financial crisis in 2009 and the onset of COVID-19 in 2020. Of the 482 firms surveyed, 386 firms were chosen for the sample, with 96 firms (19.9%) excluded due to missing values in HR practices.

Measures

Ability. For general training, two HR practices were employed, including job rotation and career development plan (CDP). In the SHRM literature, job rotation has been regarded as an HR practice to facilitate employee commitment (Hauff et al., 2014; Kehoe & Collings, 2017; Pil & MacDuffie, 1996). Similarly, training for future career development has been considered to increase employee involvement (Guthrie, 2001). In contrast, for specialist training, two HR practices were utilized: on-the-job training (OJT) and mentoring/coaching (Kang & Snell, 2009; Lepak & Snell, 2002). Lepak and Snell (2002) suggested that training programs focused on current job performance are the main characteristics of “productivity” HR.

Each of these four items was measured by human resources development (HRD) personnel within organizations. They asked the extent to which each practice is utilized using a five-point Likert scale, ranging from 1 = “Not used” to 5 = “Very much used.”

Motivation. The pay policy was assessed using three items: (1) The pay competitiveness of entry-level employees compared to competitors; (2) The pay competitiveness of middle managers compared to competitors; and (3) The pay competitiveness of senior managers compared to competitors. It is critical for commitment HR to provide higher salaries than those of competitors (Collins & Smith, 2006). A human resources management (HRM) personnel rated each item on a five-point Likert scale, ranging from 1 = “Very low” to 5 = “Very high.”

Long-term incentives were measured using two practices: employee stock ownership plan (ESOP) and stock option, both of which are commonly included in commitment HR (Collins & Smith, 2006). Each measure consists of a single item, where HRM personnel of organizations was asked to indicate the extent to which each practice is utilized, using a five-point Likert scale, ranging from 1 = “Not used” to 5 = “Very much used.” Short-term incentive comprises two

practices: firm performance incentive and profit sharing, both of which are key elements of productivity HR (Lepak & Snell, 2002). The survey queried HRM personnel about the usage of each incentive, with a coding of 0 indicating no incentive and 1 denoting its implementation.

Performance appraisal was assessed using dichotomous variables (0 = “No”; 1 = “Yes”) that captured the presence or absence of particular performance management practices. Various items were used to inquire HRM personnel about the utilization of performance appraisal for various purposes, including training, career development, marginal talent management, and dismissal. Training and career development were employed as performance appraisals for long-term development, while the management of marginal talents and dismissal were used for performance appraisals for short-term performance (Lepak & Snell, 2002).

Opportunity. Opportunities, which encompass empowerment and control, were measured using variables collected from employees (mean = 23.8; minimum = 1; maximum = 65). Empowerment, which represents a decentralized system (Arthur, 1994; Hauff et al., 2014; Pil & MacDuffie, 1996), was assessed through two measures: (1) “Our employees actively participate in problem-solving and decision-making” and (2) “Our employees have discretion to perform their tasks proactively.” On the other hand, management control, which is commonly used in control HR (Arthur, 1994; Walton, 1985), was measured through two indicators: (1) “Our company put an emphasis on formal procedure, rules and guidelines” and (2) “Our company’s communication style and information flow are downwards.” Each item was rated on a five-point Likert scale, ranging from 1 = “Strongly disagree” to 5 = “Strongly agree.”

Analytical Strategy

In order to avoid atheoretical groupings of HR practices based on post hoc reasoning like cluster analysis (Guest, Conway, & Dewe, 2004), this study employed LPA using *MPlus* 8.1.

According to Pastor, Barron, Miller and Davis, (2007), although the objective of LPA is the same as that of cluster analysis—to identify clusters of observations that have similar values on cluster indicators—there are distinct differences between LPA and cluster analysis, including the presumption of latent variables and the application of rigorous criteria.

Firstly, LPA is a type of latent variable mixture model, where unobserved latent factors categorize population heterogeneity into subpopulations with distinct profiles (Lubke & Muthén, 2005). This feature is pivotal for this study, which posits that the HR principles and policies play a crucial role in guiding organizations to design distinct configurations of HR practices. The assumption of latent variable strengthens the credibility of the findings, making a compelling case for the pivotal role of HR principles and policies in driving HR system heterogeneity.

Furthermore, LPA accommodates various model-data fit indices, assessing how well the model matches the observed data and determining the optimal number of profiles. This methodological rigor enables this study to make more objective decisions based on quantifiable measures of how well the proposed HR systems mirrors the observed data, overcoming a common challenge in cluster analysis: the subjective selection of the number of HR systems.

Following the guidelines set forth by (Morin, McLarnon, & Litalien, 2020), the analysis began by specifying one latent profile and then increased the number of latent profiles until a further addition no longer produced a significant improvement in the model fit that would justify the reduction in parsimony achieved by introducing an additional latent class. The most suitable LPA model should exhibit the lowest values for LL (log likelihood), Akaike information criterion (AIC), Consistent AIC (CAIC), Bayesian information criterion (BIC), and sample-size-adjusted BIC (aBIC) (Nylund, Asparouhov, & Muthén, 2007).

The LL represents the logarithmic value of the likelihood. The LL of the final parameter estimates serves as an indicator of model fit, with higher values (e.g., closer to 0) signifying a better fit compared to lower values.

The AIC is a measure used to assess the goodness of fit of a statistical model. The primary goal of AIC is to aid in identifying the most parsimonious model, taking into account the complexity of the model. The AIC, while being a powerful tool for model selection, can sometimes select overly complex models when the sample size isn't sufficiently large. Thus, the CAIC, an adjusted version of the AIC, is used to provide a better estimate when the sample size is small relative to the number of parameters in the model. When the sample size is large, the correction term becomes negligible, causing the CAIC to converge the AIC.

The BIC is utilized to compare models with varying numbers of profiles or different parameterizations. While the BIC serves a purpose akin to the AIC, it imposes a more stringent penalty on model complexity compared to the AIC. The aBIC is a modification of the BIC that provides an additional adjustment based on the sample size. The key difference between BIC and aBIC is the way they penalize the complexity of the model: a lesser penalty for model complexity as the sample size increases, making aBIC somewhat less conservative than BIC.

In the context of identifying the optimal model based on information criteria, the elbow plot can serve as a visually intuitive tool. By pinpointing where a break or elbow occurs, researchers can determine the most suitable model configuration that offers a good fit without unnecessary complexity. However, if the decision regarding the number of profiles is solely based on the elbow plot, there isn't much distinction between LPA and traditional cluster analysis. LPA offers a statistical test, the bootstrapped likelihood ratio test (BLRT), that provides a p value, thereby reducing subjective decision-making by researchers. The primary goal of

BLRT is to test whether a model with k profiles provides a significantly better fit to the data than a model with $k-1$ profiles. The BLRT operates by comparing the log-likelihood values of the two models. However, unlike traditional likelihood ratio tests, the BLRT addresses the issue of non-normality of the difference in log-likelihoods by using bootstrapping. In BLRT, the data is resampled multiple times to generate an empirical sampling distribution of the difference in log-likelihoods between the two nested models. This bootstrapped distribution is then used to determine the significance of the observed difference in log-likelihoods from the actual data. The BLRT is widely used for model comparison in LPA because of its accuracy and consistency in determining the number of profiles, outperforming other criteria, such as BIC and AIC, especially in more complex or nuanced scenarios. Significant BLRT values ($p < .05$) indicate that a model with k profiles provides a better fit than a model with $k-1$ profiles.

Additionally, entropy serves as an indicator for the quality of classification. It gauges the clarity and distinction of the identified latent profiles as determined by the model's classifications. Entropy values range between 0 and 1. A value closer to 1 indicates a clear distinction between the profiles, implying that observations are classified with high certainty into their most likely profile. In contrast, a value closer to 0 demonstrates uncertainty in profile membership. While there's no strict cut-off for entropy, values should be comparatively larger than those from other solutions to validate the chosen number of profiles.

Despite the availability of a wide range of fit indices, determining the optimal number of profiles remains a complex task. According to Morin et al. (2020), researchers determine the optimal model by considering (a) the theoretical rationale of the profiles, (b) statistical validation of the model, and (c) the adequacy of model fit indices. In a similar vein, Pastor and colleagues emphasized that researchers should take into account not only fit indices but “theory, sample

size, and the uniqueness of the profiles” when determining the final number of profiles (2007: 19). Regarding sample size, it’s imperative to confirm that all profile groups are adequately represented. Specifically, no group should contain less than 5% of the total sample. In the analysis, LPAs were performed using 10,000 random starting values, and a maximum of 1,000 iterations were allowed, with the best 250 starting values kept for final optimization.

RESULTS

Table 2 presents the descriptive statistics and correlations between variables.

-- Insert Table 2 here --

Fit indices of the LPA are reported in Table 3. For further analysis, the six-profile model was chosen based on Morin and colleagues’ (2020) recommended selection processes.

-- Insert Table 3 here --

Firstly, statistical significance of the BLRT should be taken into account. This test indicates that a model having k -profiles provides a better fit compared to a model having $k-1$ profiles. However, the BLRT did not offer clear guidance as all nine profile models were significant ($p < .05$).

Secondly, the indicators of model-data fit, including the AIC, CAIC, BIC, and aBIC, were employed to determine the optimal number of profiles in the dataset, as depicted in Figure 2.

-- Insert Figure 2 here --

An elbow plot serves as a pivotal tool in visualizing how fit indices evolved concerning an increasing number of profiles, offering valuable insights into the optimal configuration for the model. This graphical representation becomes particularly useful in discerning the point where the addition of more profiles ceases to yield substantial improvements in model fit, ultimately aiding in the selection of an appropriately complex model. In this specific case, the elbow plot

showcased a distinct change in the rate of improvement in fit indices around the eight-profile solution. This observation is indicative of a critical juncture where the complexity of the model beyond eight profiles might not significantly contribute to enhancing the fit.

The eight-profile model, characterized by higher values in LL and lower values in AIC, CAIC, BIC, and aBIC aligns with the aspiration for a model that effectively explains observed data without unnecessary complexity. The higher LL values associated with the eight-profile model suggest its efficacy in explaining the observed data, while the lower AIC values demonstrate a commendable balance between fit and model complexity. The consideration of CAIC, designed for robustness in smaller sample sizes, further reinforces the model's appropriateness. Additionally, BIC and aBIC, penalizing model complexity, reflect the model's preference for fewer parameters, thus avoiding overfitting. The lower CAIC, BIC, and aBIC values associated with the eight-profile solution collectively indicate a favorable balance between model fit and simplicity. This optimal solution strikes a delicate equilibrium, effectively capturing underlying patterns in the data while circumventing the pitfalls of overcomplication. In essence, the elbow plot, coupled with the analysis of these fit indices, guides the selection of the eight-profile solution as the point where the model achieves a robust fit, embodying both explanatory power and parsimony.

However, it also needs to be ensured that each profile group maintains an adequate sample size, with no group representing less than 5% of the total sample. Yet, the eight-profile model has two profiles that fail to meet this criterion. As displayed in Table 4, profile 4 and 8 represent only 3.9% and 2.9% of the sample, respectively. Likewise, the seven-profile model also has one profile, profile 5, accounting for just 3.9% of the sample.

-- Insert Table 4 here --

In contrast, six-profile model has appropriate subsample sizes, with profile 5 having the smallest representation at 5.4%. Although the elbow break was not as pronounced as in the eight-profile model, there was noticeable drop in fit indices compared to the five-profile model. Other indices, including the BLRT ($p < .001$) and entropy (.946), also showcased satisfactory statistics. While the entropy was not the highest value, its proximity to 1 indicates that observations are categorized with a high level of certainty into their profile.

Finally, from a theoretical perspective, the congruence between the profile model and the hypothesized HR systems enhances the empirical validation of the proposed theories. Moreover, having empirical results that mirror theoretical propositions streamlines the interpretation, fostering a cohesive interplay of conceptual insights and empirical rigor. Taken together, the six-profile model was selected as the optimal latent profile model.

HR Systems and Their HR Practice Profiles based on the Six-Profile Model

A graphical representation and descriptive information of the six-profile data are presented in Figure 3. Since the scales of the measures vary, the scores were standardized. HR systems were labeled based on the overall patterns of HR practices, as seen in studies like Hauff et al. (2014). This is in line with the assumption of LPA, where latent variables—principles and policies in this study—lead to distinct patterns of HR practices.

-- Insert Figure 3 here --

Profile 1: Cost Control HR. Profile 1 seems to lean away from any investment in HR practices, including training (both generalist and specialist), pay scales, incentives (both short-term and long-term), and performance appraisals. The pronounced negative z-scores, especially for empowerment and management control, suggest a potentially unique organizational approach that deviates considerably from other profiles. The primary objective of such HR system appears

to be the control of costs associated with human capital. This aligns with cost control HR that appears in the literature, such as control HR (Arthur, 1994; Hauff et al., 2014) and cost minimizer (Toh et al., 2008). In this regard, this study labelled profile 1 as cost control HR.

Profile 2: Performance Capture HR. Profile 2 tends to place a stronger emphasis on short-term performance ($z = .99$), while its approach to long-term development is below average ($z = -.27$). Other components, like training, pay policy, incentives, empowerment, and control, hover around the average, with slight variations. This HR system aligns well with the anticipated characteristics of performance capture HR, as indicated by relatively higher specialist training ($z = .10$) compared to generalist training ($z = -.03$) and its greater inclination towards management control ($z = .12$) over employee empowerment ($z = .03$). Most importantly, this HR appears to prioritize short-term performance, evident from the relatively lower score for performance appraisal for long-term development. Thus, Hypothesis 2b was supported.

Profile 3: Hybrid Capture HR. Profile 3 appears to place a lower emphasis on both short-term performance ($z = -.62$) and long-term developmental ($z = -.56$), as well as on certain forms of training and long-term incentives ($z = -.13$). Conversely, it has a typical approach to pay ($z = -.03$), short-term incentives ($z = .01$), and places a slightly greater emphasis on empowerment ($z = .11$) and control ($z = .14$). This profile exhibits a pattern akin to that of the hybrid HR. Notably, there's a balanced emphasis on specialist and generalist training, short-term and long-term incentives, as well as short-term performance and long-term development. Moreover, the exclusive presence of positive scores in the opportunity domain signals a preference for non-monetary investments. This could suggest an intent to capture human capital costs through increased employee involvement, rather than by creating human capital potentials. Thus, this profile can be labelled as hybrid capture HR, supporting Hypothesis 3b.

Profile 4: Commitment Capture HR. Profile 4 is characterized by a dominant performance appraisal for long-term development ($z = 1.28$). In contrast to previous profiles (profile 1 to 3), this profile demonstrates relatively high investments in ability and opportunity. While there are certain divergences from the pattern of commitment-capture HR, including higher emphasis on specialist training ($z = .38$) compared to generalist training ($z = .19$) and a greater focus on control ($z = .19$) over empowerment ($z = .13$), it still bears a strong resemblance to commitment capture HR. Notably, it aligns well with the commitment capture HR concept through features such as high emphasis on long-term development and low on short-term performance ($z = -.62$). Thus, Hypothesis 1b was supported.

Profile 5: Performance Creation HR. Profile 5 shares similarities with profile 2 (or performance capture), both featuring a dominant emphasis on performance appraisal for short-term performance ($z = 2.59$). However, the overall level of this HR is greater than those of profile 2. Notably, training programs, encompassing both generalist ($z = .89$) and specialist ($z = .65$), are emphasized. In addition, incentives, both short-term ($z = .24$) and long-term ($z = .22$), are more pronounced compared to performance capture. Given its heightened focus on short-term performance indicators, including performance appraisal for short-term performance and short-term incentives, and a relatively diminished emphasis on long-term commitment ($z = -.19$), profile 5 aptly earns the label of performance creation HR. Thus, Hypothesis 2a was supported.

Profile 6: Commitment Creation HR. Profile 6 stands out by displaying the highest investment across all AMO dimensions among the six profiles. Notably, its dominant feature is focused on long-term development ($z = 2.48$). Other HR practices underscore its strong alignment with commitment creation HR, including greater emphasis on generalist training ($z = 1.26$) compared to specialist training ($z = 1.06$), higher long-term incentives ($z = .92$) over short-

term incentives ($z = .79$), and more employee empowerment ($z = .65$) in contrast to management control ($z = .58$). Additionally, the pay level is the highest ($z = .56$) among all profiles. This profile is labelled as commitment creation HR, supporting Hypothesis 1a.

Hypothesis 3a was not supported, as none of the profiles matched hybrid creation HR.

Chapter Summary

There have been critiques towards empirical studies of HPWSs due to their lack of foundational grounding, often stemming from post hoc reasoning processes. To address these limitations, Study 2 adopted a model-based approach to assess HR systems introduced in Study 1. This approach provides advantages over traditional post hoc methods, employing priori membership profiles and statistical diagnostics to determine optimal profile numbers.

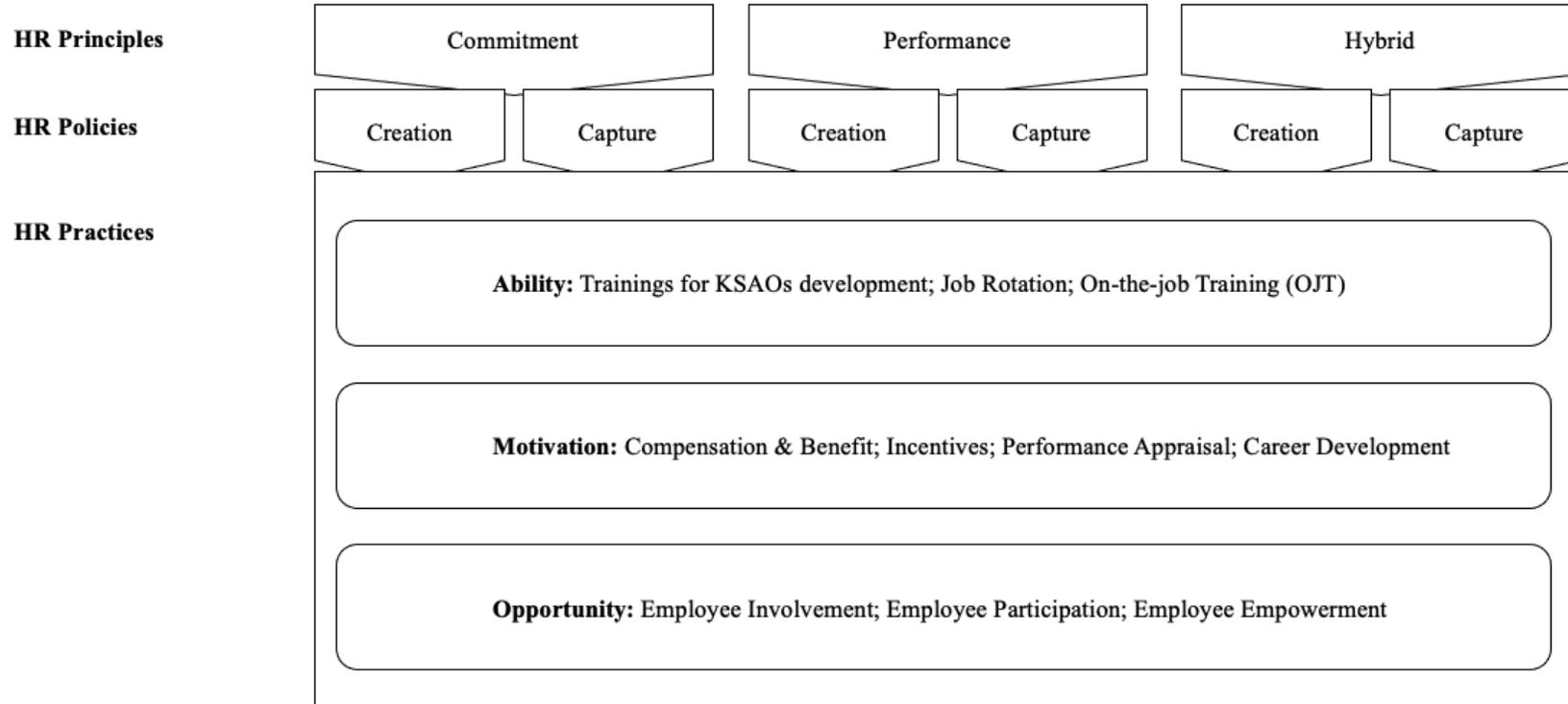
Building upon HR systems theorized in the preceding chapter, this study formulated hypotheses for six distinct profiles of HR systems. The LPA results reveal the presence of six HR systems that generally align with the envisaged patterns of HR practices, with the exception of hybrid creation HR. There can be several potential explanations for this outcome. The simplest explanation would be that a hybrid creation HR system might not actually exist within the context being studied. In other words, organizations in the studied population might not employ such a system as part of their HR practices. Another possibility is that the dataset used for the analysis might not be extensive enough to detect the presence of a hybrid creation HR. LPA relies on patterns within the data to identify different profiles or systems. If the dataset is small or lacks sufficient variability, it might not capture the nuances of a relatively rare groups. Finally, it is also possible that hybrid creation HR systems are in use, but they might not be prevalent in the specific context of South Korea. HR practices can vary significantly across

industries, regions, and cultures. If hybrid creation systems are more common in other countries or industries, their absence in the studied context could be due to these contextual variations.

Nevertheless, this study offers several noteworthy contributions to the SHRM literature. Firstly, this study contributes by employing priori theorized HR practices as the foundation for analysis. This approach involves using established theoretical frameworks and knowledge to select relevant HR practices for investigation. By doing so, the study integrates existing theoretical foundations into the analysis process, enhancing the alignment of empirical findings with established theoretical constructs. Another contribution lies in the study's adoption of a model-based approach to determine the optimal number of HR systems. By utilizing LPA, the study advances the methodology used in SHRM research, offering a more systematic and objective way to identify patterns and configurations within HR practices. This enhances the credibility of the analysis, providing theoretically grounded and statistically robust insights.

This study may provide practitioners with more tangible options to systematically configure their HR practices. While prevailing literature primarily emphasizes a one-size-fits-all HR system, this emphasis inadvertently restricts practitioners by promoting a singular approach to HR practices. In contrast, this study challenges this singular perspective. By uncovering multiple subgroups within HPWSs, this study emphasizes the adaptability in combining various HR practices based on AMO framework. This detailed insight may equip practitioners with actionable options to tailor their HR practices. Consequently, they can align their HR practices more precisely with distinct HR principles and policies. Building on the identification of various HR systems, there naturally arise pressing inquiries about the conditions under which these systems are selected and their subsequent impact on firm performance. Thus, the subsequent chapter probes the antecedents and outcomes of the HR systems identified in this study.

Figure 1. HR Practices with Vertical and Horizontal Alignment



Note. KSAOs: Knowledge, skills, abilities, and other characteristics

Table 1. HR System Profiles Based on AMO Framework

HR Principles		Commitment HR		Performance HR		Hybrid HR	
HR Policies		Creation	Capture	Creation	Capture	Creation	Capture
HR Practices							
<i>Ability</i>							
	Training for generalist development	High	Moderate	Moderate	Low	High	Moderate
	Training for specialist development	Moderate	Low	High	Moderate	High	Moderate
<i>Motivation</i>							
	Pay policy	Lead market	Match market	Match market	Lag market	Match market	Lag market
	Incentives for short-term performance	Moderate	Low	High	Moderate	High	Moderate
	Incentives for long-term commitment	High	Moderate	Moderate	Low	High	Moderate
	Performance appraisal for shorter-term performance	Moderate	Low	High	Moderate	High	Moderate
	Performance appraisal for long-term development	High	Moderate	Moderate	Low	High	Moderate
<i>Opportunity</i>							
	Employee empowerment	High	High	Moderate	Moderate	High	High
	Management control	Moderate	Moderate	High	High	High	High

Table 2. Descriptive Statistics and Correlations

Variable	Mean	SD	1	2	3	4	5	6	7	8
1. Generalist training	1.96	1.06	—							
2. Specialist training	2.93	1.18	0.48***	—						
3. Pay policy	2.85	0.76	0.20***	0.23***	—					
4. Short-term incentives	0.37	0.34	0.27***	0.32***	0.19***	—				
5. Long-term incentives	1.41	0.82	0.20***	0.16**	0.05	0.13***	—			
6. Performance appraisal for shorter-term performance	0.19	0.31	0.31***	0.29***	0.13*	0.19***	0.18***	—		
7. Performance appraisal for long-term development	0.18	0.32	0.35***	0.36***	0.17***	0.16**	0.20***	0.23***	—	
8. Empowerment	4.02	0.44	0.21***	0.30***	0.04	0.20***	0.16**	0.12*	0.20***	—
9. Control	3.74	0.39	0.25***	0.33***	0.24***	0.22***	0.14**	0.12*	0.20***	0.47***

Note. $n = 386$. * $p < .05$. ** $p < .01$. *** $p < .001$.

Table 3. Latent Profile Analysis Metrics

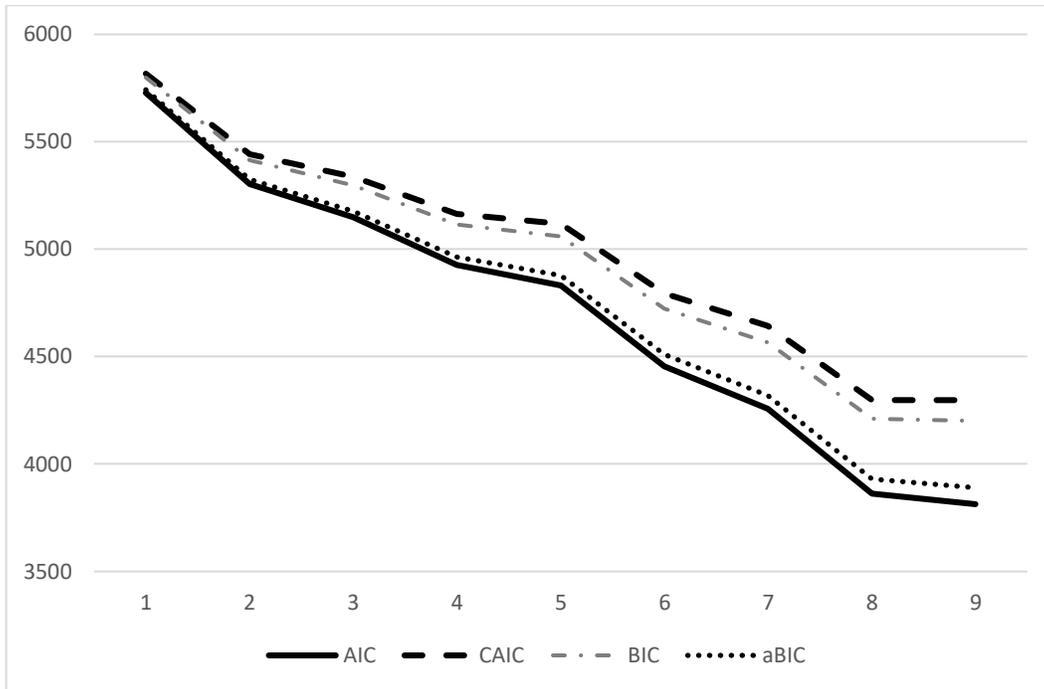
Profiles	LL	#fp	AIC	CAIC	BIC	aBIC	BLRT	Entropy
1	-2845.92	18	5727.84	5817.05	5799.05	5741.94	—	—
2	-2624.04	28	5304.08	5442.84	5414.84	5326.00	< .001	.993
3	-2536.13	38	5148.27	5336.59	5298.59	5178.02	< .001	.857
4	-2415.14	48	4926.29	5164.17	5116.17	4963.87	< .001	.997
5	-2357.44	58	4830.88	5118.31	5060.31	4876.29	< .001	.894
6	-2159.85	68	4455.70	4792.69	4724.69	4508.94	< .001	.946
7	-2050.55	78	4257.10	4643.65	4565.65	4318.17	< .001	.951
8	-1842.88	88	3861.76	4297.87	4209.87	3930.66	< .001	.965
9	-1808.66	98	3813.32	4298.99	4200.99	3890.05	< .001	.951

Note. $n = 386$. LL = log likelihood, #fp = number of free parameters, AIC = Akaike Information Criterion, CAIC = consistent AIC, BIC = Bayesian Information Criterion, aBIC = sample size-adjusted BIC, BLRT = p -value for bootstrapped likelihood ratio test.

Table 4. Proportions of Latent Profiles

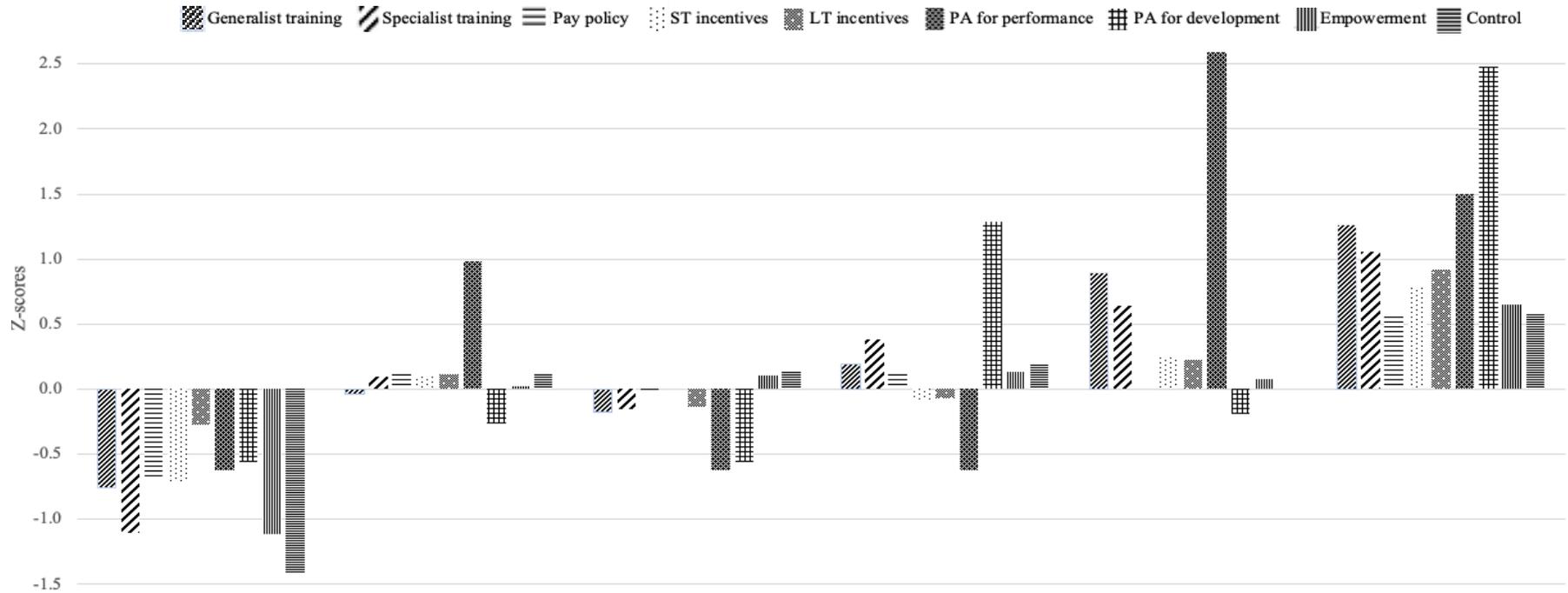
Profiles	Profile 1 (%)	Profile 2 (%)	Profile 3 (%)	Profile 4 (%)	Profile 5 (%)	Profile 6 (%)	Profile 7 (%)	Profile 8 (%)	Profile 9 (%)
1	386 (100)								
2	282 (73.1)	104 (26.9)							
3	198 (51.3)	84 (21.8)	104 (26.9)						
4	206 (53.4)	44 (11.4)	76 (19.7)	60 (15.5)					
5	194 (50.3)	18 (4.7)	14 (3.6)	104 (26.9)	56 (14.5)				
6	37 (9.6)	74 (19.2)	169 (43.8)	60 (15.5)	21 (5.4)	25 (6.5)			
7	21 (5.4)	37 (9.6)	60 (15.5)	60 (15.5)	15 (3.9)	169 (43.8)	24 (6.2)		
8	169 (43.8)	21 (5.4)	49 (12.7)	15 (3.9)	11 (2.9)	60 (15.5)	37 (9.6)	24 (6.2)	
9	49 (12.7)	19 (4.9)	29 (7.5)	60 (15.5)	158 (40.9)	15 (3.9)	21 (5.4)	24 (6.2)	11 (2.9)

Figure 2. Latent Profile Analysis Model Fit Indices



Note. AIC = Akaike Information Criterion, CAIC = consistent AIC, BIC = Bayesian Information Criterion, aBIC = sample-size-adjusted BIC.

Figure 3. HR Practice Patterns of Six-Profile Model



Profile	1. Cost Control HR	2. Performance Capture HR	3. Hybrid Capture HR	4. Commitment Capture HR	5. Performance Creation HR	6. Commitment Creation HR
Generalist training	-0.76	-0.03	-0.17	0.19	0.89	1.26
Specialist training	-1.10	0.10	-0.15	0.38	0.65	1.06
Pay policy	-0.69	0.14	-0.03	0.14	0.01	0.56
ST incentives	-0.71	0.11	0.01	-0.08	0.24	0.79
LT incentives	-0.27	0.12	-0.13	-0.07	0.22	0.92
PA for performance	-0.62	0.99	-0.62	-0.62	2.59	1.50
PA for development	-0.56	-0.27	-0.56	1.28	-0.19	2.48
Empowerment	-1.11	0.03	0.11	0.13	0.08	0.65
Control	-1.42	0.12	0.14	0.19	0.01	0.58

Note. ST = short-term; LT = long-term; PA= performance appraisal

CHAPTER FOUR: ANTECEDENTS AND OUTCOMES OF HR SYSTEMS

Chapter Three identified the existence of diversified human resources (HR) systems, and in this chapter Study 3 investigates the antecedents and outcomes of HR systems aligned with parallel architecture. With regard to the antecedents of HR systems, strategic human resources management (SHRM) researchers have explored the dynamic interplay between external (vertical) and internal (horizontal) fit (Kepes & Delery, 2007). In the early stage of SHRM, Sonnenfeld and Peiperl (1988) posited that organizations tend to adopt an HR system that aligns closely with their strategy. Arthur (1994) identified a relationship between the pursuit of differentiation strategies and the use of high-commitment HR. More recently, in their seminal work, Han and colleagues (2019) explored the interaction between vertical and horizontal fit in influencing firm-level performance. Their findings demonstrated that establishments with a fast-follower entry mode benefitted more from high-performance work systems (HPWSs) in terms of future product sales compared to first-mover or fence-sitter modes. Moreover, the advantages of vertical fit were even more evident when there was a strong horizontal fit, and this dual alignment of HPWSs significantly impacted financial performance through superior product sales. Other research also underscored that differentiation strategies are likely to be associated with the implementation of high-performance (Chen, Lawler, & Bae, 2005; Lawler, Chen, Wu, Bae, & Bai, 2011) or high-involvement (Guthrie, Spell, & Nyamori, 2002) HR systems.

However, the argument that differentiation strategies are the main catalyst for the adoption of HR systems received little support (Bae & Lawler, 2000) or no support at all (Hsu, Lin, Lawler, & Wu, 2007). Thus, a consensus on how organizational strategy influences HR systems remains elusive (Boon et al., 2019). For example, Hsu and colleagues (2007) failed to establish a direct link between an innovation strategy and the adoption of HPWSs, despite existing literature

consistently indicating a meaningful and positive relationship between the two. Scholars have pointed out the oversimplified conceptualization of business strategies as one of the main reasons for this. Chadwick and Cappelli (1999) argued that it would be inadequate to explain a wide variety of HR systems observed in practice by relying on only a couple of organizational strategies. In real-world scenarios, organizations often employ various organizational strategies and embrace diverse approaches to generate value while implementing HPWSs.

Given this reality, this study aims to investigate how diverse aspects of the organizational context interact to establish a range of HR systems. Specifically, by exploring the interplay between different organizational strategies and approaches to value operation, this study seeks to provide a nuanced understanding of the reasons behind the heterogeneity of HR systems adopted by various organizations.

With respect to outcomes, this study explores the linkage between HR systems with parallel architecture and firm performances. In the field of SHRM research, the alignment between an organization and its HR, often referred to as fit, serves as a foundational concept, underpinning the links between HPWSs and the overall performance of organizations. While MacDuffie (1995) found that firm performance was higher under conditions of horizontal fit, the added focus of vertical fit would lead to even stronger outcomes by more closely aligning employee effort and contributions with the strategic goals of the organization (Han et al., 2019). In other words, when the principles and policies of HR systems are parallelly aligned with those of organizations, it is anticipated to channel individual employees' knowledge, skills, abilities, and other characteristics (KSAOs) towards building the organization's capabilities, thereby optimizing HR systems for competitive advantage.

Despite the importance of a constant interplay between horizontal and vertical fit (Kepes & Delery, 2007), our understanding remains limited regarding how parallel architecture influences organizational performance. For example, Venkatraman (1989) investigated the effectiveness of alignment between HR practices and organizational strategies yet found little evidence supporting the relationship. Similarly, Delery and Doty (1996) investigated the effectiveness of HR systems with fit, discovering that certain HR systems were more effective than others. In particular, banks with the market-type HR system had superior performance, while those aligning more with the internal system saw reduced organizational performance. However, their study did not identify synergistic effects among HR practices, as they pinpointed a single HR system that resulted in superior performance. When research focuses on one HPWS, it tends to follow a best-practice approach. This contrasts with the configurational perspective, which posits that multiple HR systems can coexist, emphasizing the significance of dual fit.

A prevailing assumption in current research is that achieving a fit between HR practices and organizational strategies invariably leads to enhanced firm performance. However, a closer examination reveals that many of these studies adopted a singular measurement of outcomes, neglecting the potential temporal nuances associated with different strategic implementations. The benefits of strategic HR alignment might manifest differently across varying timeframes. For example, some strategies might yield short-term, immediate benefits, while others could be designed for longer-term, sustained advantages.

To address the gap, this study investigates how HR systems contribute to different timeframes of firm performances, namely shorter-, mid-, and longer-term. This study may have theoretical and practical contributions to the SHRM. Theoretically, it could explain why HPWSs show equivocal results in terms of firm performance by suggesting another possibility that the

timing of the effectiveness of dual fit may differ from organizational strategies. Practically, HR practitioners could better decide when and how they need to implement a specific HPWS to achieve a certain strategic objective based on a clearer understanding of the causal mechanism between HR systems with dual fit and firm performance. The overarching framework of Study 3 is illustrated in Figure 1.

-- Insert Figure 1 here --

Theoretical Backgrounds and Hypotheses

Antecedents of HR Systems: Interplay between Organizational Strategy and Firm Size

SHRM scholars have explored the relationships between HR systems and various organizational factors, such as business strategy, organizational culture, organizational history, and organizational structure (Jackson, Schuler, & Jiang, 2014). According to Jackson and colleagues (2014), early models of strategic HRM emphasized the significance of context, arguing that an organization's internal and external environments should influence the design of its HR system. Among a wide variety of plausible antecedents of HR systems, organizational strategies have been considered one of the most critical factors. For instance, Arthur (1992) suggested that the pursuit of differentiation strategies was associated with the use of high-commitment HR, drawing on Porter's (1980) business strategy typology. Similarly, other SHRM studies have reported similar outcomes that differentiation strategies were associated with high-performance HR (Lawler et al., 2011) and high-involvement HR (Camps & Luna-Arocas, 2009; Guthrie et al., 2002). More recently, Han et al. (2019) explored the "Goldilocks effect," which suggests an optimal level of alignment between an HR system and organizational strategies, indicating that the effectiveness of dual fit is contingent upon the organizational strategies.

Most SHRM studies focused on just a single HR system, rather than multiple HR systems, which bypass the intricate web of relationships that exist in organizations with multiple HR systems in play. Different HR systems can cater to varied strategic objectives and operational nuances, and their interplay can lead to unique synergies or challenges. To address these gaps in the existing literature, this study takes a more comprehensive approach by delving into how the combinations of organizational principles and policies influence the adoption of HR systems.

Operationalizing Organizational Principles. Drawing from the strategic management literature, Chapter Two proposed three strategic objectives—exploration, exploitation, and ambidexterity—as organizational principles, which HR systems are aligned with to achieve fit.

Firstly, exploration would be the strategic objective of organizations that compete in more turbulent environments and are continuously searching for new product and service opportunities, akin to differentiators (Porter, 1980) or prospectors (Miles & Snow, 1978), which can be termed *explorers*. Porter (1980) argued that differentiators aim to make their product or service unique in some way that customers value, thereby enabling the company to charge a premium price. Similarly, Miles and Snow (1978) suggested that prospectors are constantly seeking new opportunities and exploring new markets. Their strategic focus is on developing new products and services, and entering new markets, often with a first-mover advantage. Despite their different labels, these organizations are likely to have the same innovative, risk-taking approach, where a high degree of employee commitment is required with a willingness to take risks and experiment with new ideas (March, 1991). To achieve this strategic objective, explorers need to adopt commitment HR consisting of broadly-defined KSAOs, motivation for long-term development, and decentralized decision-making processes.

Secondly, exploitation may be the strategic objective of organizations that compete in narrow, stable, and well-established product-market domains, similar to cost leaders (Porter, 1980) or defenders (Miles & Snow, 1978), and thus can be labelled as *exploiters*. Porter's (1980) cost leaders achieve the lowest cost of production or delivery in the industry while maintaining a reasonable level of quality. Their strategic objective is to achieve economies of scale and scope, which allow the company to produce and deliver goods or services more efficiently and at a lower cost than competitors. In a similar vein, Miles and Snow (1978) defined defenders as organizations that seek to establish a strong and loyal customer base through high-quality products and reliable service. Like exploiters (March, 1991), both cost leaders and defenders aim to increase efficiency, reduce costs, and improve quality for their competitive advantage. According to March (1991), the strategic objective of exploiters is to achieve economies of scale and scope, which requires a strong focus on efficiency, standardization, and control (March, 1991). Therefore, it is critical for exploiters to embrace a Performance HR consisting of narrowly-defined KSAOs, motivation for productivity, and centralized decision-making.

Lastly, ambidexterity can be operationalized as *ambidexters* who have characteristics of both explorers and exploiters, operating in stable product domains as well as new product domains, akin to the analyzer (Miles & Snow, 1978). According to Miles and Snow (1978), ambidexters are required to have “hybrid” HR that combines elements of the explorers and exploiters. They aim to maintain their existing market position while also exploring new opportunities for growth and expansion. Thus, they focus on both efficiency and innovation, seeking to achieve economies of scale and scope while also investing in research and development to stay ahead of competitors. Similarly, Porter (1980) suggested that ambidexters are not the initiators of change like explorers, but they follow the changes explorers achieve in

the market. Tushman and O'Reilly (1996) argued that ambidexters should be able to pursue and balance exploration and exploitation simultaneously. In this study, ambidexters refer to organizations striving for organizational ambidexterity, achieved by adopting a hybrid HR that balances short-term needs with long-term goals, recognizing the importance of both exploration and exploitation in a balanced manner.

Operationalizing Organizational Policies. In implementing the value creation approach, resources are critical because acquiring and retaining idiosyncratic human capital can be costly for the firm (Chadwick & Dabu, 2009). By having access to a plentiful pool of resources, the organization can allocate high investments towards acquiring and developing idiosyncratic human capital. In the strategic management literature, organizational resources have been considered to be essential for effectively leading and managing the organization, making strategic decisions, and coordinating various activities. For instance, the presence of financial slack resources allows organizations to take risks, experiment with new practices, and explore innovative ideas without being overly constrained by immediate financial pressures. Moreover, having surplus resources offers various advantages. These advantages encompass access to capital (Aldrich & Auster, 1986), external legitimacy (Baum & Oliver, 1991), and economies of scale (Jovanovic, 1982). Importantly, ample resources enhance organizational flexibility and help mitigate risks associated with exploring new products and markets. For instance, the Apple has a track record of introducing ground-breaking products that redefine entire markets. The creation of such innovative products, like the iPhone, iPad, and Apple Watch, required long-term planning and strategic foresight, as well as substantial investments in research and development. The development of new value often necessitates extended time horizons, as the Apple engaged

in meticulous design and iterative development processes to ensure the final products met high standards of user experience.

In contrast, March (1991) cautioned that exploration can be vulnerable to resource scarcity, as the outcomes of search activities may be uncertain and require a considerable amount of time to materialize. Moreover, a deficiency in internal resources can lead to significant challenges, such as high mortality rates (Baum & Oliver, 1991) and the liability of smallness (Cardon & Stevens, 2004). In this context, this study suggests that organizational policies for achieving strategic objectives can be tailored based on firm size. The SHRM literature has examined the role of firm size in shaping a host of HR practices including staffing (Davis-Blake & Uzzi, 1993; Terpstra & Rozell, 1993), training (Saari, Johnson, McLaughlin, & Zimmerle, 1988), use of internal or external labour markets (Baron, Davis-Blake, & Bielby, 1986), and compensation programs (Mellow, 1982). This argument is rooted in the view that large organizations have slack resources (Nohria & Gulati, 1996) in employees' time and capabilities as well as capital assets. For example, an example of Dell's approach to exploitation, involving high investment and a longer time frame, can be observed in their pursuit of developing advanced server technology. Dell recognized the growing demand for powerful and efficient server systems in the enterprise market. To address this opportunity, the Dell made significant investments in engineering to create cutting-edge server technologies. This involved a longer time frame, as the development of sophisticated.

In contrast, small and medium enterprises (SMEs) may adopt different policies due to their limited resources even when pursuing the same strategic objective. SMEs with scarce resources may opt to minimize investments in acquiring and retaining human capital. The value capture policy can also be employed by explorers facing resource constraints. These organizations may

acknowledge the significance of investing in their employees' skills and knowledge to drive exploration and sustain a competitive advantage. However, they may not implement extensive training programs on the scale of a company like Apple, which necessitates long-term investments involving resource allocation and dedicated time for designing and implementing comprehensive training initiatives. Therefore, they may choose to promote shorter-term learning opportunities and emphasize immediate effectiveness and practical application, rapidly acquiring and applying new skills in the work environment. For instance, they can facilitate knowledge-sharing sessions where employees have the opportunity to present their expertise or share insights on specific topics, rather than making significant investments in external training programs. These workshops can be conducted by internal subject matter experts or external professionals, fostering collaboration and learning among employees.

It is notable that SMEs tend to have a "liability of smallness" (Cardon & Stevens, 2004), which has been shown to make it more difficult for SMEs to commit to more formal HR programs (Chadwick et al., 2013). These constraints have been argued to make it harder for SMEs to adjust more easily to change as they possess fewer HR capabilities to facilitate such change (e.g., Cardon & Stevens, 2004). For instance, Way (2002) argued that HPWSs may impose sizeable burdens on a critical, constrained resource in SMEs, making it difficult for them to effectively administer HPWSs. Moreover, HPWSs' bureaucratic nature is often not suitable for SMEs. Both of these drawbacks can cause HPWSs to have a negative influence, rather than a positive on labour productivity (Way, 2002). Additionally, SMEs are more labour-intensive than larger firms, and other sources of competitive advantage such as economies of scale are likely to be limited (Sels et al., 2006). Thus, SMEs may implement value capture policy as a way to minimize the cost of acquiring and retaining human capital to enhance their economic rents.

They prioritize immediate impact and practical application, quickly acquiring existing competencies and applying them in a shorter-term perspective than value creation policy.

Taken together, this study hypothesizes that large firms are likely to adopt value creation HR policies, such as commitment creation HR for large explorers and performance creation HR for large exploiters. In contrast, SMEs are likely to embrace value capture HR policies, including commitment capture HR for SME explorers, performance capture HR for SME exploiters, and hybrid capture HR for SME ambidexters.

Hypothesis 1: The relationship between exploration and commitment HR will be moderated by firm size: larger explorers will be associated with commitment creation HR; smaller explorers will be associated with commitment capture HR.

Hypothesis 2: The relationship between exploitation and performance HR will be moderated by firm size: larger exploiters will be associated with performance-creation HR; smaller exploiters will be associated with performance capture HR.

Hypothesis 3: The relationship between ambidexterity and hybrid HR will be moderated by firm size such that smaller ambidexters will be associated with hybrid capture HR.

Outcomes of HR Systems with Parallel Alignment on Firm Performance

Shorter-Term Performance. In his development of the adaptive challenges facing organizations, March (1991) emphasized that most organizations would have a bias to favor exploitation over exploration. This was because exploiters are focused on the more tangible and certain returns of the shorter-term. In the context of shorter-term performance, exploiters tend to excel when compared to explorers and ambidexters. This is because exploiters prioritize refining their existing processes, products, or services to achieve efficiency and reduce uncertainty (Uotila, Maula, Keil, & Zahra, 2009). For instance, exploiters have a well-established and stable

operational framework, which minimizes risks associated with experimentation and innovation. This stability allows them to respond swiftly to market demands, changes in consumer preferences, or competitive pressures, all of which contribute to superior short-term performance metrics. In contrast, explorers may have higher uncertainty and resource allocation in the shorter term in that they invest time and resources in experimenting with new ideas, products, or markets (March, 1991). Similarly, ambidexters attempt to balance both exploration and exploitation, facing the inherent tensions between these two strategies.

Theoretically, a synergistic effect of an HR system describes a condition under which the combined effect of all HR practices is greater in magnitude than the sum of each practice operating separately (Delery & Doty, 1996). System synergies lead to performance superiorities over competitors and according to a configurational perspective come from two primary sources that reinforce or amplify one another—vertical and horizontal fit (Meyer et al., 1993). Vertical fit orients employee contributions to support the organization’s strategic goals, this may occur more or less optimally depending on how well the practices in the system work together to reinforce those contributions. Therefore, exploiters adopting performance HR are anticipated to outperform both other organizations implementing the same HR system and exploiters opting for different HR systems. Since performance HR is an optimized HR system that aims at achieving immediate performance objectives, performance HR becomes a valuable tool for exploiters to fine-tune the workforce, optimize processes, and strategically manage resources to boost productivity, reduce costs, and attain shorter-term objectives.

Among exploiters with performance HR, larger firms with performance creation HR are more likely to outperform smaller exploiters with performance capture HR due to economies of scale (Mashayekhi & Bazaz, 2008), which allow them to achieve cost advantages by increasing

production scale and reducing average costs per unit. As a result, they tend to generate higher earnings or returns on assets, which helps offset their average cost of leverage (Ibhagui & Olokoyo, 2018).

Hypothesis 4: Larger exploiters with performance creation HR are associated with the highest shorter-term firm performance, followed by smaller exploiters with performance capture HR.

Longer-Term Performance. There is a prevailing expectation that organizations adopting an exploratory approach tend to enjoy greater financial success in the longer term (Lee, Lee, & Lee, 2003). This anticipation is rooted in the understanding that explorers allocate resources to experiment with novel ideas, products, or markets. Over time, this experimentation can yield ground-breaking innovations that position these organizations favourably in terms of financial performance. However, it's important to acknowledge that the financial landscape for exploratory organizations can be less predictable and secure in the shorter term. This inherent uncertainty arises from their willingness to explore new avenues, which may not yield immediate returns. Exploratory ventures can involve risks, and their current revenue streams may not be as certain as those of exploiters who focus on optimizing existing operations. Furthermore, while explorers hold potential for long-term success, they can find themselves in a cycle where initial failures lead to further searches (Levinthal & March, 1993). This iterative process of trial and error is characteristic of explorers, where failures serve as learning opportunities that drive continued exploration and innovation efforts.

Explorers using commitment HR are expected to achieve higher firm performance compared to other organizations. The rationale behind this expectation lies in the alignment of commitment HR with the inherent needs of exploratory organizations. In essence, commitment

HR acts as a catalyst for explorers, equipping them with the necessary tools and practices to navigate the complex landscape of searching for new ideas and consistently striving for breakthrough innovations. This tailored approach enhances their capabilities, fosters creativity, and positions them to outperform both their non-commitment HR counterparts within the exploration domain and non-exploratory organizations employing commitment HR.

The size of the firm can also be a critical factor in the exploration process. The economies of scale that large explorers possess may have a positive influence on longer-term performance as well. It grants them greater resources to allocate towards research and development (R&D) investments, facilitating the development of new technologies, product improvements, and more cost-efficient methods of production. These innovations driven by extensive R&D investments can result in enhanced efficiency and reduced costs in the longer-term compared to smaller explorers. Furthermore, larger explorers also have the advantage of attracting more favourable debt deals based on their superior market power (Brammer & Millington, 2006; Buallay & Hamdan, 2019; Melitz & Ottaviano, 2008) and strong market relationships (Majocchi, Bacchiocchi, & Mayrhofer, 2005). The high market status within their industry enables them to negotiate better terms with lenders, such as lower interest rates or more flexible repayment terms. On the contrary, SMEs are more likely to encounter difficulties in securing debt financing, which may impede the establishment of their sound capital structure. Given the negative relationship between debt financing and firm performance (Simon-Oke & Afolabi, 2011), SMEs may struggle to maintain high levels of financial performance in the mid-term. The challenges in obtaining favourable debt arrangements may restrict their access to necessary capital, potentially limiting their ability to compete with larger firms effectively.

Hypothesis 5: Larger explorers with commitment creation HR are associated with the highest longer-term firm performance, followed by smaller explorers with commitment capture HR.

Mid-Term Performance. Ambidexters, who balance exploration and exploitation simultaneously, may stabilize their financial returns over time (O'Reilly & Tushman, 2004), ensuring higher mid-term performance. For the shorter-term, ambidexters may achieve higher performance than explorers but lower than exploiters. This is because, over this time period, ambidexters reduce the same risks faced by explorers but cannot make the best use of performance opportunities like exploiters. On the contrary, in the longer term, ambidexters may not enjoy the higher prices and greater profits of first-moving explorers. First-mover advantages, as described by Lieberman and Montgomery (1987), involve explorers generating profits exceeding their cost of capital. These advantages can amplify the size and duration of the profits derived from being the market's first mover in longer-term. In this regard, March (1991) argued that a balance between exploration and exploitation may lead to superior firm performance compared to firms focusing on one at the expense of the other. Similarly, O'Reilly and Tushman (2013) suggested that ambidexters are likely to be positively associated with mid-term survival.

For smaller ambidexters, a highly effective HR system to consider is the hybrid capture HR. This HR system offers a well-balanced set of HR practices that harmonize both exploration and exploitation. The primary advantage of this balance is its ability to align seamlessly with the needs of ambidexters, positioning them for improved performance over the mid-term. Furthermore, hybrid capture HR excels in providing the necessary support for ambidextrous organizations. For instance, it may incorporate recruitment strategies that seek individuals with diverse skill sets and encourage generalists to foster innovation. Simultaneously, it may

emphasize performance management to enhance productivity. As a result, ambidextrous organizations that adopt the hybrid capture HR system are well-positioned to achieve better performance outcomes in the medium term, which leads to:

Hypothesis 6: Smaller ambidexters with hybrid capture HR are associated with the highest mid-term firm performance.

Method

Sample

Study 3 utilized the same sample as Study 2, the fifth wave of the Human Capital Corporate Panel (HCCP). As discussed in Chapter Three, this sample was chosen with the intention of examining the effects of HR systems with dual-fit on shorter-, mid-, and longer-term firm performance. Because the HCCP data does not encompass information related to firm performance, this study incorporated financial data from the Korean Information Service (KIS). The HCCP and KIS datasets were merged into a single, comprehensive dataset, employing a unique identification code assigned to each firm. This merged dataset allowed this study to conduct more comprehensive analyses by combining relevant information from both sources. Out of the total of 386 firms analyzed in Study 2, 350 firms (excluding 36 firms, which accounts for 9.3%) were included in the antecedent analysis, while 338 firms (excluding 48 firms, which accounts for 12.4%) were considered for the outcome analysis due to missing data.

Measures

Antecedents: Organizational Strategies. The HCCP inquired with strategic planning personnel about the firm's strategic objectives: (1) "Our strategy is to take a leading role in changing the market by developing new products and services faster than competitors"; (2) "Our strategy is to selectively develop new products and services based on the performance of

competitors”; and (3) “Our strategy is to maintain a stable market position by improving existing products and services.” Firms that opted for (1) were coded as explorers, (2) as ambidexters, and (3) as exploiters.

Antecedents: Firm Sizes. Consistent with prior research, this study used a natural logarithmic transformation of the number of regular employees (e.g., Collins & Smith, 2006; Han et al., 2019) as a proxy for firm size. Using the number of employees as a proxy for firm size in the SHRM studies is a common practice because it is related to the allocation of resources by HR departments. Larger organizations often require more extensive HR teams, training programs, and HR technologies to manage their workforce compared to SMEs. Moreover, using the number of employees as a measure offers consistency and can be applied across different industries and sectors. This consistency allows for meaningful comparisons between organizations of varying types and sizes. Given the high skewness and kurtosis in the distribution of the number of employees (Skewness = 6.98; Kurtosis = 63.53), a natural logarithm is required to linearize the relationship between variables and make it more normally distributed.

Outcomes: Financial performance. This study used return on asset (ROA) as a proxy of firms’ financial performance. ROA is an essential outcome variable that has been considered in the SHRM literature as an indicator of firm financial performance (e.g., Darwish & Singh, 2013; Delery & Doty, 1996; Han et al., 2019; Snell & Youndt, 1995). Furthermore, ROA can be a comprehensive measure of firms’ profitability and resource efficiency (Snell & Youndt, 1995) in that it encompasses various dimensions, not only income statements like revenues, costs, and profit but also the balance sheet, including total assets. ROA was measured by dividing operational profits by two-year average total assets (Roberts & Dowling, 2002).

Control Variables. To ensure unbiased estimates of the influence of HR systems on firm performance, various control variables were incorporated based on a thorough examination of previous empirical studies.

The natural logarithms of firm age were included given that firm ages are positively related to firm performance and to the adoption of HPWSs (e.g., Guthrie et al., 2009; Huselid, 1995).

This study also used unionization (1 = “Unionized”; 0 = “Not unionized”), which may affect the implementation of HPWSs (e.g., Datta, Guthrie, & Wright, 2005; Guthrie, Flood, Liu, & MacCurtain, 2009).

Public listing (1 = “Listed”; 0 = “Not listed”) was included given that publicly listed firms in South Korea may face increased pressure to implement Western HR systems.

Industry dummies representing six different industries, including manufacturing, media, finance, technology, education, and other entertainment, were included. Manufacturing industry was used as a reference category as Datta et al. (2005) and others have demonstrated that manufacturing firms tend to use HPWSs more frequently.

To control for the potential impact of capital investment, the capital intensity was included based on previous SHRM studies (e.g., Chadwick et al., 2015; Han et al., 2019). Capital intensity was measured as the natural logarithm of fixed assets divided by the total number of employees.

Ownership (1 = “No involvement of the owner”; 2 = “A little involvement of the owner”; 3 = “Considerable involvement of the owner”; 4 = “Full involvement of the owner”) was included because it can be related to firm performance and the adoption of HPWSs (e.g., Sun et al., 2007).

Finally, to control the possibility of reciprocal relationships between HPWSs and firm performance (Birdi et al., 2008; Wright et al., 2005), the current ROA (t) was included as a baseline (Autio, Sapienza, & Almeida, 2000; Kim & Polyhart, 2014).

Analytical Strategy

To investigate the antecedents of HR systems, this study employed the R3STEP command in *MPlus* (Asparouhov & Muthén, 2014). Using R3STEP, *MPlus* performs a series of multinomial logistic regressions to examine whether an increase in an antecedent would result in a greater likelihood that an organization belongs to a particular class over another. Specifically, LPA was conducted to determine the number of profiles that best fit the data, and then the auxiliary variables were assessed in relation to the profile solution, taking into consideration the most likely class membership and classification error rate. These steps underscore a significant advantage of LPA over more traditional group analyses like cluster analyses, as it considers the error in profile classification when examining the associations between the profiles and other variables (Wang & Hanges, 2011). Since the dependent variables—six HR systems—are categorical, a series of multinomial logistic regression analyses were conducted to investigate antecedents of those HR systems. A multinomial logistic regression is a specialized form of regression analysis specifically tailored for situations where the dependent variable is nominal with multiple categories, none of which possess a predetermined rank or order.

To assess the effects of HR systems with parallel alignment on firm performance, this study employed three-way interaction terms: organizational strategies, firm sizes, and HR systems. For instance, Hypothesis 5 posited that larger firms adopting explorer strategies would exhibit superior performance when aligned in parallel with commitment creation HR. To operationalize this, larger explorers were defined by multiplying the explorer (categorical) with firm size (logged), effectively filtering out other strategies such as exploiters and ambidexters. Subsequently, the commitment creation HR (categorical) was introduced, thereby excluding other HR systems from consideration. The coefficient of this three-way interaction term

elucidates the influence of parallel alignment on firm performance. In the SHRM literature, vertical fit is commonly operationalized using moderation (e.g., Huselid, 1995; Han et al., 2019), a method known as fit-as-moderation (Venkatraman, 1989). For example, Huselid (1995) examined vertical fit through the moderation effects between organizational strategies—differentiation and focus—and HR systems—the employee skills and organizational structures HR and employee motivation HR, respectively. Additionally, the DU3STEP (Distal outcome, Unequal variance; Three-STEP) procedure was not applied in this study. DU3STEP is used for predicting distal outcomes from latent profile membership: The equal variance estimation is useful for situations when there are small classes; and the distal outcome estimation with unequal variance may have convergence problems due to near-zero variance within the class (Asparouhov & Muthén, 2014). However, this study focuses on examining the effectiveness of fit (i.e., parallel alignment of HR systems) on firm performance, rather than the direct impact of latent profile membership (i.e., HR systems). Thus, DU3STEP procedure was not necessary.

This study analyzed firms' financial performance at different timeframes: the shorter-term ($t + 1$), mid-term ($t + 2$), and longer-term ($t + 3$). Existing literature suggests that it may take two years for HPWSs to have a meaningful impact on firm performance (Birdi et al., 2008; Wright et al., 2005). Therefore, a timeframe of less than two years (or one year) was regarded as shorter-term performance, while a timeframe longer than two years (or three years) was considered longer-term in this study. The ordinary least squares (OLS) regression procedure was employed to examine the interaction of external contingencies, specifically organizational strategies and firm sizes, on firm performance across different timeframes.

Results

Table 1 presents the descriptive statistics and correlations between variables.

-- Insert Table 1 here --

Public listing is positively correlated with hybrid capture HR ($r = .12$) but negatively with ROA (t) ($r = -.12$). This suggests that being publicly listed in South Korea did not exert significant pressure on the adoption of HPWSs and was not a strong indicator of firm performance. Capital intensity was not significantly correlated with the adoption of HPWSs and firm performance. In contrast, firm size was positively associated with HPWSs, including performance creation HR ($r = .14$) and commitment creation HR ($r = .21$), as well as firm performances, such as ROA (t) ($r = .15$), ROA ($t + 1$) ($r = .19$), and ROA ($t + 2$) ($r = .14$). Therefore, firm size can be considered a more suitable proxy for value operation than capital intensity. Organizational strategies were not significantly correlated with HPWSs, except for the negative relationship between explorers and cost control HR ($r = -.13$).

Results of Antecedents Analysis

Table 2 and 3 represent the results of multinomial logistic regression analyses to test Hypothesis 1 through 3. For the purpose of interpretation, the coefficients of each multinomial logistic regression were converted into odds ratios (*OR*). *OR* in multinomial logistic regression are interpreted in a similar way to those in logistic regression. *OR* expresses the change in the odds of being in one category of the outcome variable relative to the reference category, for a one-unit change in the predictor variable. If the *OR* is greater than 1, it indicates that an increase in the predictor variable is associated with the higher probability of being in the specific category compared to the reference category. For instance, an *OR* of 2 means that for a one-unit increase in the predictor variable, the probability of being in a specific category of the outcome variable (compared to the reference category) is twice as high as it was before the increase in the predictor variable. In contrast, when the *OR* is less than 1, it implies that an increase in the

predictor variable is associated with the lower probability of being in the specific category compared to the reference category. For instance, an odds ratio of 0.5 indicates that a one-unit increase in the predictor variable is associated with a 50% reduction in the probability of being in that category compared to the reference category.

MPlus designates the last category as the reference category, which is commitment creation HR. This may complicate the interpretation of Hypothesis 1 (H1), which examines explorers' choice for HR systems. To address this, H1 was examined using hybrid capture HR as reference category in Table 2.

-- Insert Table 2 here --

In Model 5 of Table 2, the analysis of the interaction effect between explorers and firm size on commitment creation HR revealed a noteworthy and statistically significant negative relationship ($b = -1.24$, $OR = .29$, $p < .05$). This finding implies that, contrary to expectations, larger exploratory firms do not exhibit a higher inclination to adopt commitment creation HR practices compared to their smaller and medium-sized counterparts. The negative sign of the coefficient (-1.24) indicates a decrease in the likelihood of large exploratory firms adopting commitment creation HR, and the OR of 0.29 further underscores the reduced odds associated with this relationship. The significance level of $p < .05$ indicates that this result is unlikely to have occurred by random chance and adds robustness to the conclusion that there is a meaningful and negative association between the size of exploratory firms and their propensity to embrace commitment creation HR practices. For a clearer interpretation of the interaction effects, it is visualized in Figure 2.

-- Insert Figure 2 here --

The graphical representation in Figure 2 depicts the relationship between ambidexterity, firm size, and the adoption of commitment creation HR. Contrary to expectations outlined in H1, the findings indicate a distinctive pattern: ambidextrous firms tend to adopt commitment creation HR practices more prominently as their firm size increases. This positive correlation suggests that, for ambidextrous organizations, there is an inclination to embrace commitment creation HR in tandem with growth in their scale. In contrast, the behavior observed among exploratory firms deviates from the anticipated pattern. Despite experiencing increases in firm size, exploratory organizations do not exhibit a corresponding tendency to adopt commitment creation HR practices. This discrepancy challenges the validity of H1, indicating that the expected positive relationship between exploratory firms and commitment creation HR, contingent on firm size, does not align with the observed data.

To test Hypothesis 2 (H2), Model 2 and 4 of Table 2 were used to compare the relative possibilities of performance capture and performance creation HR, respectively. Contrary to the predictions outlined in H2, the examination of interaction effects involving exploiters and firm size, concerning the adoption of both performance capture HR (Model 2) and performance creation HR (Model 4), did not yield significant results. This lack of significance was consistent across scenarios where either explorers or ambidexters were used as reference points. The non-significant interaction effects suggest that, contrary to the expected moderating influence of firm size on the relationship between exploiters and the adoption of performance-focused HR practices, no statistically meaningful impact was observed. The inconclusive nature of these results implies that the initial hypothesis (H2), which posited a significant interaction effect, is not supported by the empirical findings. This suggests that firm size does not play a significant role in influencing the relationship between exploiters and the adoption of performance capture

or creation HR practices, at least within the context examined in the study. The recognition of these non-significant interactions adds nuance to our understanding of the factors influencing HR practices and underscores the complexity of the relationships between organizational characteristics and HR strategy.

In contrast to the anticipated outcomes outlined in H2, the examination of the interaction effect between explorers and firm size concerning the adoption of performance creation HR revealed a surprising and statistically significant positive relationship ($b = .27$, $OR = 1.30$, $p < .05$). This unexpected finding is visually represented in Figure 3. The positive sign of the coefficient (.27) indicates that explorers are more likely to adopt performance creation HR practices as their firm size increases. The OR of 1.30 further underscores the significance of this result, suggesting that, compared to exploiters, explorers are 1.3 times more likely to embrace performance creation HR practices with each incremental increase in firm size. This finding challenges the expectations set forth in H2, which predicted a significant interaction effect in the opposite direction.

-- Insert Figure 3 here --

To test Hypothesis 3 (H3), which anticipated that smaller ambidextrous firms are likely to choose hybrid capture HR, it was necessary to modify the reference HR since hybrid capture HR was the reference in Table 2. This study adhered to *MPlus*'s default choice for the reference category, which is commitment creation HR. Table 3 presents a multinomial regression analysis with commitment creation HR as the reference.

-- Insert Table 3 here --

In Model 3 of Table 3, the results reveal significant negative interaction effects for the adoption of hybrid capture HR, with variations depending on whether explorers or exploiters are

used as references. Specifically, for the explorer reference, the coefficient is -1.24 , with an OR of $.29$, and for the exploiter reference, the coefficient is -1.65 , with an OR of $.19$ (both $p < 0.05$). These findings are visually represented in Figure 4.

-- Insert Figure 4 here --

The observed negative interaction effects suggest that as ambidextrous organizations decrease in size, there is an increased likelihood of adopting hybrid capture HR practices. This supports H3, indicating that firm size influences the adoption of hybrid capture HR by ambidexters.

However, it's important to note that the use of categorical variables for both antecedents and dependents introduces complexity to both statistical analysis and interpretation. The notably large odds ratios could potentially be influenced by the small sample sizes. In logistic regression studies with small samples, there is a tendency to overstate the effect size (Nemes, Jonasson, Genell, & Steineck, 2009). Therefore, a cautious and careful interpretation of these results is warranted to ensure accuracy and meaningful conclusions. The visual representation in Figure 4 enhances the understanding of these interaction effects, but the limitations associated with small sample sizes should be considered in the interpretation of the findings.

In this regard, to elucidate the interplay between organizational strategy and firm size more clearly, Table 4 displays the distribution of HR systems based on these parameters. For simplification, firms with fewer than 300 regular employees were categorized as SMEs, whereas those with more were considered large, in line with the classification by the Small and Medium Business Administration of South Korea (2012).

-- Insert Table 4 here --

According to Table 4, hybrid Capture HR emerged as the predominant choice across both organizational strategies and firm sizes, accounting for 45.4% of the sample, followed by

performance capture and commitment capture HR. Hence, value capture HR is more widely adopted by organizations in South Korea compared to the creation policy. An exception was observed among small and medium-sized exploiters. While their primary choice aligned with other organizations in favoring hybrid capture (8.9%), their second was cost control HR (3.7%).

Results of Outcomes Analysis

To test Hypotheses 4 (H4) through 6, OLS regression was employed across short-, mid-, and long-term periods. Model 1 of Table 5 reveals that prior performance at time t is a potent predictor of shorter-term performance at $t + 1$ ($b = .63, p < .001$).

-- Insert Table 5 here --

In Model 2 of Table 5, the results indicate that larger firms demonstrate greater efficiency in the shorter term compared to smaller firms, as evidenced by a coefficient of .83 with statistical significance ($p < .05$). This suggests that, in the context of the study, firm size is a significant predictor of shorter-term performance efficiency, with larger firms outperforming their smaller counterparts. In contrast, none of the examined HR systems emerged as a significant predictor of shorter-term firm performance. This implies that, within the scope of the study and the variables considered, the HR systems analyzed did not have a discernible impact on shorter-term performance outcomes. The findings shed light on the nuanced relationship between firm size and shorter-term efficiency, emphasizing the significance of organizational dimensions in influencing immediate performance outcomes. Additionally, the lack of significance regarding HR systems underscores the complexity of factors influencing shorter-term firm performance and highlights the need for a comprehensive understanding of the multifaceted dynamics at play.

In Model 3 of Table 5, the results showcase significant two-way interaction effects between organizational strategy and HR system, particularly when exploiters opt for

performance capture HR. The finding suggests that, in the studied context, when exploiters choose to implement performance capture HR practices, there is a noticeable decline in shorter-term firm performance. The negative sign of the coefficient (-9.51) indicates a reduction in shorter-term performance associated with the interaction between exploitative organizational strategy and the adoption of performance capture HR. This implies that the choice of HR practices within the exploitative strategy context has implications for the immediate performance outcomes of the organization. These results highlight the importance of considering the alignment between organizational strategy and HR system in understanding the impact on shorter-term firm performance. The negative interaction effect suggests that certain combinations of organizational strategy and HR practices, specifically exploiters adopting performance capture HR, may have adverse effects on immediate performance outcomes.

In Model 5 of Table 5, a three-way interaction on shorter-term firm performance is depicted. The results reveal distinctive patterns depending on the combination of exploratory organizational strategy, HR system, and firm size. For explorers opting for hybrid capture HR, there is a significant positive association with ROA as firm size grows ($b = 5.27, p < .05$). This implies that, within the context of the study, exploratory organizations adopting hybrid capture HR practices experience an increase in ROA with larger firm sizes. Contrastingly, explorers implementing commitment creation HR witness a decrease in ROA as firm size increases ($b = -3.98, p < .05$). This suggests that, for explorers, the adoption of commitment creation HR is associated with a decline in ROA with the expansion of firm size, as illustrated in Figure 5.

-- Insert Figure 5 here --

Interestingly, when using ambidexters as the reference group, no significant shifts in ROA are observed, regardless of firm size and the specific HR system adopted. These findings contradict

the predictions of H4, which anticipated superior firm performance with larger exploiters adopting performance creation HR. As the results do not align with the hypothesis, H4 is not supported by the empirical evidence. The complex interplay between exploratory strategy, HR systems, and firm size highlights the intricate dynamics influencing shorter-term firm performance within the studied organizational context.

Hypothesis 6 (H6) anticipated higher firm performance when smaller ambidexters adopted hybrid capture HR. Table 6 presents three-way interaction effects on mid-term ($t + 2$) ROA.

-- Insert Table 6 here --

In Model 2 of Table 6, the analysis of mid-term ROA reveals that none of the organizational strategies, firm sizes, or HR systems have a positive impact on mid-term ROA. This suggests that, within the studied context, the examined variables do not contribute significantly to mid-term financial performance. The subsequent exploration of two-way interactions in Model 3 and Model 4 of Table 6 further indicates that there are no significant relationships between these interactions and mid-term ROA. The absence of significant findings in these models implies that the combinations of organizational strategies, firm sizes, and HR systems do not yield discernible effects on mid-term financial performance.

In the final model, Model 5 of Table 6, a significant observation emerges. Peak performance is discerned in larger exploratory organizations that embrace cost control HR, as evidenced by a coefficient of 17.22 with statistical significance ($p < .05$). This implies that exploratory organizations implementing cost control HR experience a remarkable 17.22% higher ROA for each unit increase in firm size (log). These findings collectively highlight a distinctive pattern: while mid-term ROA is not substantially influenced by individual organizational strategies, firm sizes, or diverse HR systems, the adoption of cost control HR emerges as a

notable exception. Specifically, larger exploratory organizations leveraging cost control HR stand out for achieving enhanced mid-term financial performance. This underscores the nuanced impact of specific HR strategies, particularly cost control measures, in contributing to the financial success of larger exploratory organizations over the mid-term. This relationship is illustrated in Figure 6.

-- Insert Figure 6 here --

As depicted in Figure 6, mid-term ($t + 2$) ROA exhibits an upward trend with the increase in firm size for explorers adopting cost control HR, compared to ambidexters with commitment creation HR, serving as the reference category. Notably, no significant increases in ROA were observed for explorers with commitment creation HR or ambidexters with a combination of cost control and commitment creation HR. Contrary to the expectations outlined in H6, which anticipated superior mid-term performance from smaller ambidextrous organizations opting for hybrid capture HR, the empirical evidence does not support this hypothesis. The observed trends suggest that the adoption of cost control HR by explorers, particularly in larger firms, contributes to enhanced mid-term financial performance. However, the expected superiority of smaller ambidextrous organizations selecting hybrid capture HR in mid-term performance did not materialize. These findings underscore the intricate relationship between organizational strategy, HR practices, firm size, and mid-term financial outcomes, emphasizing the need for a nuanced understanding of these dynamics for accurate predictions and strategic decision-making.

Finally, Hypothesis 5 (H5) posited that larger organizations would exhibit superior performance in the longer-term ($t + 3$) ROA when they embraced commitment creation HR. However, the results presented in Table 7 do not support H5.

-- Insert Table 7 here --

The detailed analysis indicates that there are no statistically significant differences in longer-term performance, measured by ROA, between organizations that adopted commitment creation HR and those that did not. This finding emphasizes the significance of empirical verification, as it challenges the initial hypothesis and underscores that real-world dynamics may deviate from theoretical expectations. It highlights the need for a thorough examination of actual outcomes, acknowledging that the intricacies of organizational contexts can influence results.

Furthermore, Table 7 provides additional insights by revealing that none of the independent variables, two-way interactions, or three-way interactions demonstrated significant longer-term ($t + 3$) outperformance. This comprehensive exploration suggests that, within the studied framework, the examined factors and their interactions did not yield discernible effects on longer-term firm performance. Implications and limitations of this study are discussed in the following chapter summary.

Chapter Summary

This chapter delved into the antecedents and outcomes of HR systems, as theorized in Chapter Two and elucidated in Chapter Three. First, this study adopted a broad perspective to understand the intricate interplay between organizational strategies and their methods of value operationalization, aiming to shed light on the heterogeneity of HR systems across organizations.

The findings suggest a uniform preference among organizations for a particular HR system, namely hybrid capture HR, irrespective of their organizational strategy and firm size. This preference highlights an organizational inclination to maintain equilibrium between exploration and exploitation when managing human capital, rather than veering strongly in one direction. Subsequent preferences gravitate towards capture-oriented HR models, such as performance capture and commitment capture, over value creation policies like performance

creation and commitment creation. Interestingly, even larger entities, with presumably more organizational resources at their disposal, opt for capture policies, which aim to generate economic rents through the adoption of cost-efficient HR practices.

One of the primary reasons for this preference might stem from the competitive nature of the market. In such a competitive environment, firms are perpetually seeking avenues to trim costs and augment profit margins. Many organizations might believe that by embracing value capture HR, they can either maintain or boost their competitive advantage by curtailing human capital expenditures. Shareholders frequently anticipate firms to operate with increased efficiency and profitability. By capturing economic rents, companies can meet or even exceed stakeholder expectations, which is crucial for maintaining stock performance and building stakeholder trust. This approach might be perceived as a safer bet compared to taking the risk of investing heavily in unlocking the maximum potential value that employees could generate.

Subsequently, this study delved into the effects of HR systems that align parallelly with organizational structures on firm performance across shorter-, mid-, and longer-terms. The insights gleaned aim to bolster strategic HR decision-making, moving past the simplistic “more is better” critique prevalent in the SHRM discourse. Notably, the findings suggest that no single HR system universally enhances firm performance across these varied timeframes. For instance, larger explorers could anticipate improved shorter-term performance with the adoption of hybrid capture HR, rather than commitment creation HR. In contrast, mid-term firm performance was higher when they adopted cost control HR compared with commitment creation HR.

In the concluding segment of the dissertation, Chapter Five delves into the overall theoretical contributions and practical implications. Additionally, the chapter addresses this dissertation’s limitations and future research directions.

Figure 1. Antecedents and Outcomes of HR Systems with Parallel Architecture

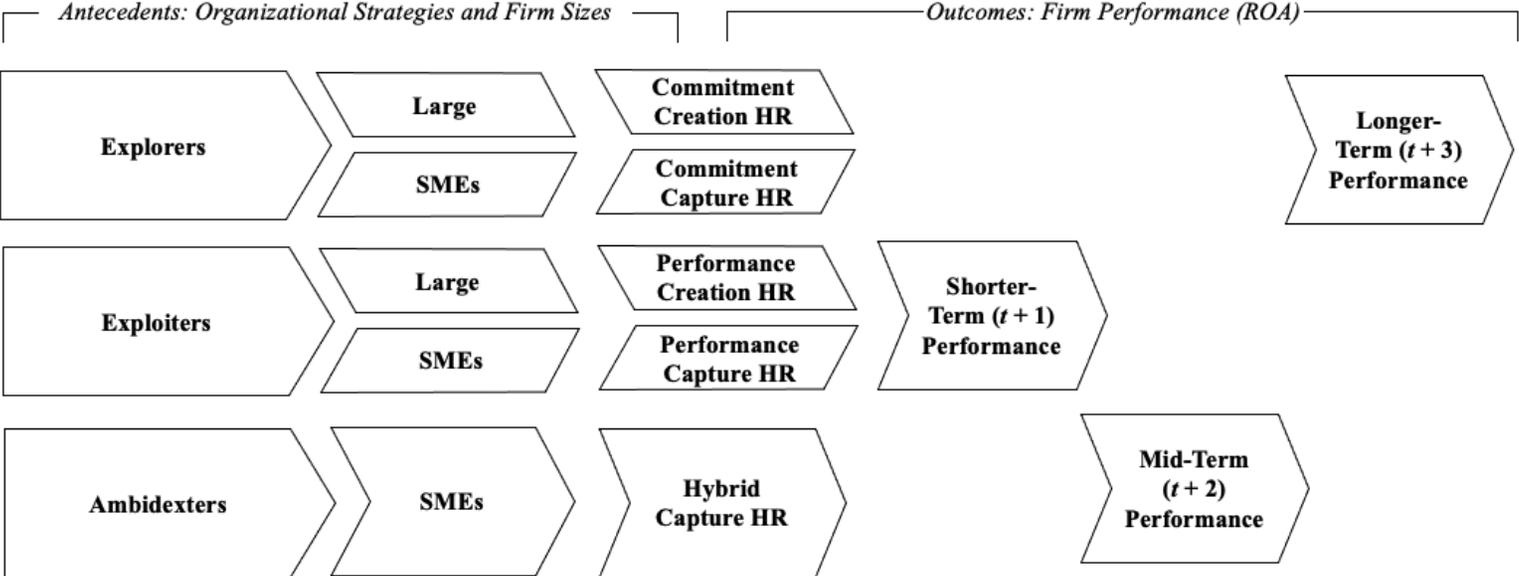


Table 1. Descriptive Statistics and Correlations

Variable	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
1.Unionized	0.88	0.33	—																					
2.Listed	0.55	0.50	.10	—																				
3.Firm age (log)	3.34	0.55	.13	.29	—																			
4.Capital intensity (log)	13.06	0.95	.11	.32	.23	—																		
5.Industry: Manufacturing	0.80	0.40	.16	.20	.32	.21	—																	
6.Industry: Media	0.07	0.26	-.03	-.02	-.25	-.09	-.57	—																
7.Industry: Technology	0.07	0.25	-.12	-.18	-.04	-.25	-.55	-.08	—															
8.Industry: Education	0.02	0.14	-.07	-.08	-.16	-.16	-.30	-.04	-.04	—														
9.Industry: Entertainment	0.03	0.18	-.09	-.10	-.17	.16	-.37	-.05	-.05	-.03	—													
10.Explorer	0.30	0.46	-.03	.05	.06	.03	.05	-.04	.00	-.04	-.08	—												
11.Ambidexter	0.36	0.48	.02	-.08	-.06	-.09	-.06	.05	.02	-.02	.07	-.49	—											
12.Exploiter	0.34	0.47	.02	.03	.01	.06	.02	-.01	-.02	-.02	.01	-.47	-.54	—										
13.Firm size (log)	5.86	1.02	.15	.10	.09	.07	.04	.01	.04	-.09	-.07	.13	.00	-.13	—									
14.Cost Control HR	0.09	0.28	-.02	-.04	.04	-.07	.02	-.05	.00	.03	.00	-.13	.03	.09	-.20	—								
15.Performance Capture HR	0.19	0.39	.02	-.05	-.09	.05	-.18	.09	.11	-.07	.17	-.02	.08	-.06	.02	-.15	—							
16.Hybrid Capture HR	0.46	0.50	-.04	.12	.12	-.04	.11	-.05	-.06	-.01	-.07	-.01	-.09	.10	-.06	-.28	-.44	—						
17.Commit Capture HR	0.16	0.36	-.04	-.10	-.06	.00	.03	.03	-.02	-.06	-.03	.04	.01	-.05	-.01	-.13	-.21	-.39	—					
18.Performance Create HR	0.05	0.22	.04	-.01	.01	-.02	-.02	-.01	-.01	.16	-.04	.06	.00	-.05	.14	-.07	-.11	-.21	-.10	—				
19.Commit Create HR	0.06	0.24	.10	.04	-.06	.10	.03	-.03	-.02	.05	-.05	.10	.01	-.11	.21	-.08	-.12	-.24	-.11	-.06	—			
20.ROA (<i>t</i>)	4.28	7.82	-.11	-.12	-.15	-.10	.00	-.06	.07	-.03	.01	.20	-.12	-.07	.15	-.09	.02	.01	.03	-.03	.03	—		
21.ROA (<i>t</i> + 1)	3.70	7.52	-.06	-.10	-.09	-.06	.05	-.12	.07	-.06	.02	.11	.00	-.11	.19	-.12	-.02	.04	.04	-.01	.04	.67	—	
22.ROA (<i>t</i> + 2)	2.89	7.88	-.05	-.11	-.05	-.04	.05	-.09	.06	-.10	.03	.09	-.05	-.04	.14	-.09	-.02	-.04	.12	.02	.03	.57	.71	—
23.ROA (<i>t</i> + 3)	3.59	7.19	-.06	-.06	-.05	-.06	.01	-.02	.03	-.04	.00	.05	.00	-.05	.06	-.02	.04	-.08	.06	.02	.01	.39	.51	.75

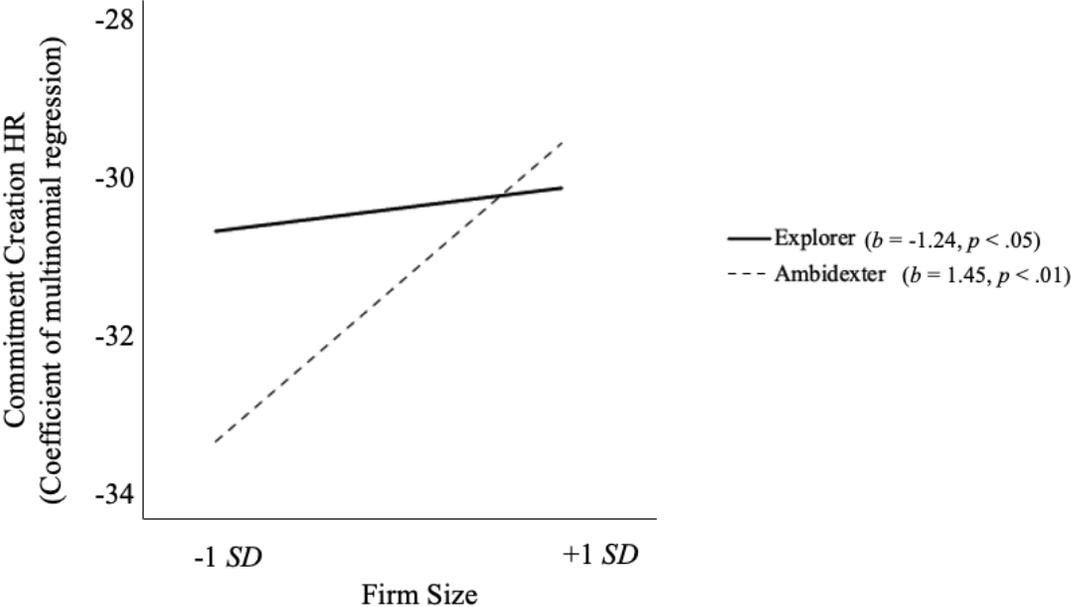
Note. *n* = 338. All correlations greater than |.11| are significant at *p* < .05

Table 2. Results of Multinomial Regression Analysis (Reference: Hybrid Capture HR)

	Model 1 Cost Control			Model 2 Performance Capture			Model 3 Commitment Capture			Model 4 Performance Creation			Model 5 Commitment Creation		
	<i>b</i>		OR	<i>b</i>		OR	<i>b</i>		OR	<i>b</i>		OR	<i>b</i>		OR
Firm age (log)	0.19	(0.78)	1.20	-0.45	(0.37)	0.64	-0.45	(0.36)	0.64	-0.29	(0.44)	0.75	-1.09	(0.51)	0.34
Listed	-0.75	(0.93)	0.47	-0.37	(0.38)	0.69	-0.73*	(0.36)	0.48	-0.57	(0.51)	0.56	-0.30	(0.62)	0.74
Unionized	-0.36	(1.56)	0.70	0.34	(0.55)	1.40	-0.15	(0.57)	0.86	1.01	(1.49)	2.75	24.39***	(1.49)	3.9E+10
Ownership	0.60	(0.65)	1.81	-0.02	(0.15)	0.98	-0.18	(0.15)	0.83	0.40	(0.31)	1.50	-0.29	(0.23)	0.75
Capital Intensity (log)	-0.04	(0.65)	0.96	0.31	(0.24)	1.36	0.30	(0.25)	1.34	0.38	(0.27)	1.46	0.68*	(0.30)	1.97
Industry (dummy)	<i>Included</i>			<i>Included</i>			<i>Included</i>			<i>Included</i>			<i>Included</i>		
vs. Explorer															
Exploiter	-23.72	(33.56)	0.00	2.81	(2.95)	16.64	1.90	(2.8)	6.69	0.94	(4.17)	2.56	1.12	(4.82)	3.07
Ambidexter	-35.05	(35.48)	0.00	0.62	(2.68)	1.86	-2.10	(2.59)	0.12	-6.44*	(3.14)	0.00	-8.09*	(3.64)	0.00
Firm size (log)	-7.32	(7.22)	0.00	0.24	(0.32)	1.27	-0.05	(0.29)	0.95	0.65*	(0.31)	1.91	0.21	(0.36)	1.24
Exploiter × Firm size (log)	5.32	(7.12)	204.38	-0.53	(0.49)	0.59	-0.42	(0.47)	0.66	-0.27	(0.68)	0.77	-0.41	(0.79)	0.66
Ambidexter × Firm size (log)	7.34	(7.44)	1533.03	-0.05	(0.44)	0.95	0.36	(0.43)	1.44	1.04*	(0.50)	2.83	1.24*	(0.56)	3.44
vs. Exploiter															
Explorer	23.72	(33.56)	1.9E+10	-2.81	(2.95)	0.06	-1.90	(2.80)	0.15	-0.94	(4.17)	0.39	-1.12	(4.82)	0.33
Ambidexter	-11.34	(9.23)	0.00	-2.20	(3.03)	0.11	-4.00	(3.11)	0.02	-7.38	(4.91)	0.00	-9.21	(5.02)	0.00
Firm size (log)	-2.00*	(0.85)	0.14	-0.29	(0.39)	0.75	-0.47	(0.39)	0.63	0.38	(0.64)	1.46	-0.20	(0.67)	0.82
Explorer × Firm size (log)	-5.32	(7.12)	0.00	0.53	(0.49)	1.70	0.42	(0.47)	1.52	0.27*	(0.68)	1.30	0.41	(0.79)	1.51
Ambidexter × Firm size (log)	2.02	(1.62)	7.50	0.48	(0.52)	1.61	0.78	(0.53)	2.18	1.31	(0.80)	3.70	1.65*	(0.83)	5.20
vs. Ambidexter															
Explorer	35.05	(35.48)	1.6E+15	-0.62	(2.68)	0.54	2.10	(2.59)	8.13	6.44*	(3.14)	628.92	8.09*	(3.64)	3271.49
Exploiter	11.34	(9.23)	83868.05	2.20	(3.03)	8.98	4.00	(3.11)	54.38	7.38	(4.91)	1610.02	9.21	(5.02)	10026.63
Firm size (log)	0.02	(1.05)	1.02	0.19	(0.30)	1.21	0.31	(0.34)	1.37	1.69***	(0.43)	5.39	1.45**	(0.43)	4.25
Explorer × Firm size (log)	-7.34	(7.44)	0.00	0.05	(0.44)	1.05	-0.36	(0.43)	0.70	-1.04*	(0.50)	0.35	-1.24*	(0.56)	0.29
Exploiter × Firm size (log)	-2.02	(1.62)	0.13	-0.48	(0.52)	0.62	-0.78	(0.53)	0.46	-1.31	(0.80)	0.27	-1.65*	(0.83)	0.19

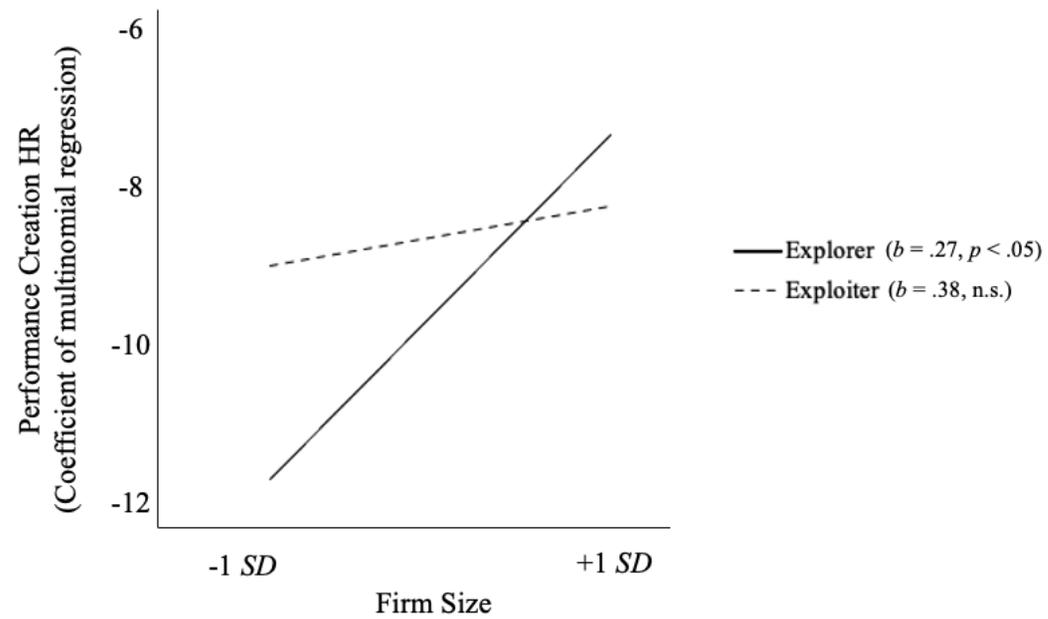
Note. $n=350$. Multinomial logistic regression coefficients, b , represent probability of being in a target profile (first profile listed in each column) versus being the base profile, Profile 3. Standard errors in parentheses. Odds ratios (ORs) > 1.00 indicate higher probability of being a member of the target profile than a referent. ORs < 1.00, associated with negative coefficients, indicate a higher probability of being a member of the referent than the target profile. * $p < .05$. ** $p < .01$. *** $p < .001$

Figure 2. Interaction Effects of Organizational Strategy and Firm Size on Commitment Creation HR



Note. Coefficients were used due to too large odds ratios.

Figure 3. Interaction Effects of Organizational Strategy and Firm Size on Performance Creation HR



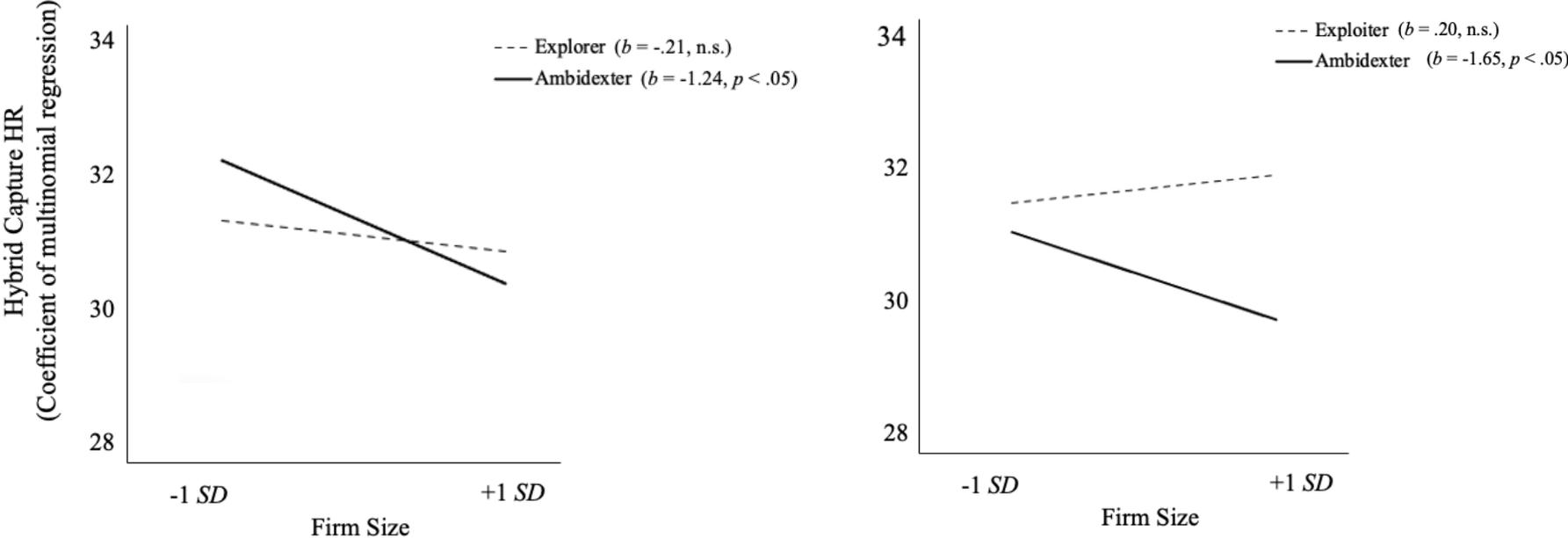
Note. Coefficients were used due to too large odds ratios.

Table 3. Results of Multinomial Regression Analysis (Reference: Commitment Creation HR)

	Model 1 Cost Control			Model 2 Performance Capture			Model 3 Hybrid Capture			Model 4 Commitment Capture			Model 5 Performance Creation		
	<i>b</i>		OR	<i>b</i>		OR	<i>b</i>		OR	<i>b</i>		OR	<i>b</i>		OR
Firm age (log)	1.28	(0.83)	3.59	0.64	(0.55)	1.89	1.09*	(0.51)	2.98	0.65	(0.55)	1.91	0.80	(0.58)	2.22
Listed	-0.46	(0.99)	0.63	-0.07	(0.63)	0.93	0.30	(0.62)	1.35	-0.44	(0.62)	0.65	-0.28	(0.67)	0.76
Unionized	-25.21***	(1.86)	0.00	-24.51***	(1.48)	0.00	-24.85***	(1.49)	0.00	-24.99***	(1.51)	0.00	-23.83***	(0.00)	0.0
Ownership	0.88	(0.64)	2.42	0.27	(0.23)	1.31	0.29	(0.23)	1.33	0.11	(0.24)	1.11	0.69	(0.34)	2.00
Capital Intensity (log)	-0.72	(0.65)	0.49	-0.37	(0.31)	0.69	-0.68*	(0.30)	0.51	-0.38	(0.37)	0.68	-0.30	(0.30)	0.74
Industry (dummy)	<i>(Included)</i>			<i>(Included)</i>			<i>(Included)</i>			<i>(Included)</i>			<i>(Included)</i>		
vs. Explorer															
Exploiter	-24.84	(33.61)	0.00	1.69	(5.24)	5.43	-1.12	(4.82)	0.33	0.78	(5.09)	2.18	-0.18	(5.76)	0.83
Ambidexter	-26.96	(34.96)	0.00	8.71*	(3.81)	6069.31	8.09*	(3.64)	3271.49	6.00	(3.65)	402.62	1.65	(3.77)	5.20
Firm size (log)	-7.53	(7.17)	0.00	0.03	(0.43)	1.03	-0.21	(0.36)	0.81	-0.26	(0.40)	0.77	0.43	(0.42)	1.54
Exploiter × Firm size (log)	5.73	(7.13)	308.59	-0.12	(0.87)	0.89	0.41	(0.79)	1.51	-0.01	(0.85)	0.99	0.15	(0.93)	1.16
Ambidexter × Firm size (log)	6.10	(7.36)	445.41	-1.29*	(0.58)	0.28	-1.24*	(0.56)	0.29	-0.87	(0.55)	0.42	-0.20	(0.55)	0.82
vs. Exploiter															
Explorer	24.84	(33.61)	6.1E+10	-1.69	(5.24)	0.18	1.12	(4.82)	3.07	-0.78	(5.09)	0.46	0.18	(5.76)	1.20
Ambidexter	-2.12	(9.24)	0.12	7.02	(5.11)	1117.67	9.21	(5.02)	10026.63	5.22	(4.97)	184.56	1.83	(5.86)	6.23
Firm size (log)	-1.80	(0.99)	0.17	-0.09	(0.72)	0.92	0.20	(0.67)	1.22	-0.27	(0.70)	0.76	0.58	(0.82)	1.78
Explorer × Firm size (log)	-5.73	(7.13)	0.00	0.12	(0.87)	1.12	-0.41	(0.79)	0.66	0.01	(0.85)	1.01	-0.15	(0.93)	0.86
Ambidexter × Firm size (log)	0.37	(1.61)	1.44	-1.17	(0.85)	0.31	-1.65*	(0.83)	0.19	-0.87	(0.82)	0.42	-0.34	(0.94)	0.71
vs. Ambidexter															
Explorer	26.96	(34.96)	5.1E+11	-8.71*	(3.81)	0.00	-8.09*	(3.64)	0.00	-6.00	(3.65)	0.00	-1.65	(3.77)	0.19
Exploiter	2.12	(9.24)	8.36	-7.02	(5.11)	0.00	-9.21	(5.02)	0.00	-5.22	(4.97)	0.01	-1.83	(5.86)	0.16
Firm size (log)	-1.43	(0.99)	0.24	-1.26**	(0.41)	0.28	-1.45**	(0.43)	0.24	-1.14**	(0.39)	0.32	0.24	(0.42)	1.27
Explorer × Firm size (log)	-6.10	(7.36)	0.00	1.29*	(0.58)	3.63	1.24*	(0.56)	3.44	0.87	(0.55)	2.40	0.20	(0.55)	1.22
Exploiter × Firm size (log)	-0.37	(1.61)	0.69	1.17	(0.85)	3.23	1.65*	(0.83)	5.20	0.87	(0.82)	2.38	0.34	(0.94)	1.41

Note. $n=350$. Multinomial logistic regression coefficients, b , represent probability of being in a target profile (first profile listed in each column) versus being the base profile. Standard errors in parentheses. Odds ratios (ORs) > 1.00 indicate higher probability of being a member of the target profile than a referent. ORs < 1.00, associated with negative coefficients, indicate a higher probability of being a member of the referent than the target profile. * $p < .05$. ** $p < .01$. *** $p < .001$

Figure 4. Interaction Effects of Organizational Strategy and Firm Size on Hybrid Capture HR



Note. Coefficients were used due to too large odds ratios.

Table 4. Frequencies

	Profile 1. Cost Control	Profile 2. Performance Capture	Profile 3. Hybrid Capture	Profile 4. Commitment Capture	Profile 5. Performance Creation	Profile 6. Commitment Creation	Total	Summary
Explorer	5 (4.7%)	18 (17.0%)	48 (45.3%)	18 (17.0%)	7 (6.6%)	10 (9.4%)	106 (30.3%)	3 > (2 = 4) > 6 > (1 = 5)
Exploiter	14 (12.1%)	19 (16.4%)	60 (51.7%)	15 (12.9%)	4 (3.4%)	4 (3.4%)	116 (33.1%)	3 > 2 > (1 = 4) > (5 = 6)
Ambidexter	12 (9.4%)	29 (22.7%)	51 (39.8%)	21 (16.4%)	7 (5.5%)	8 (6.3%)	128 (36.6%)	3 > 2 > 4 > 1 > (5 = 6)
Total	31 (8.9%)	66 (18.9%)	159 (45.4%)	54 (15.4%)	18 (5.1%)	22 (6.3%)	350	

	Profile 1. Cost Control	Profile 2. Performance Capture	Profile 3. Hybrid Capture	Profile 4. Commitment Capture	Profile 5. Performance Creation	Profile 6. Commitment Creation	Total	Summary
Explorer Large	0 (0%)	10 (2.9%)	23 (6.6%)	10 (2.9%)	4 (1.1%)	7 (2.0%)	54 (15.4%)	3 > (2 = 4) > 6 > 4 > 1
SME	5 (1.4%)	8 (2.3%)	25 (7.1%)	8 (2.3%)	3 (0.9%)	3 (0.9%)	52 (14.9%)	3 > (2 = 4) > 1 > (5 = 6)
Exploiter Large	1 (0.3%)	9 (2.6%)	29 (8.3%)	6 (1.7%)	3 (0.9%)	2 (0.6%)	50 (14.3%)	3 > 2 > 4 > (1 = 5 = 6)
SME	13 (3.7%)	10 (2.9%)	31 (8.9%)	9 (2.6%)	1 (0.3%)	2 (0.6%)	66 (18.9%)	3 > 1 > (2 = 4) > (5 = 6)
Ambidexter Large	5 (1.4%)	13 (3.7%)	25 (7.1%)	9 (2.6%)	7 (2.0%)	6 (1.7%)	65 (18.6%)	3 > 2 > 4 > 5 > (1 = 5 = 6)
SME	7 (2.0%)	16 (4.6%)	26 (7.4%)	12 (3.4%)	0 (0%)	3 (0.9%)	63 (18.0%)	3 > 2 > 4 > 1 > 6 > 5
Total	31 (8.9%)	66 (18.9%)	159 (45.4%)	54 (15.4%)	18 (5.1%)	22 (6.3%)	350	

Note. SME = Small and Medium Enterprise.

Table 5. Results of Regressions Predicting Short-Term ($t+1$) ROA

	Model 1		Model 2		Model 3		Model 4		Model 5	
(Constant)	-1.08	(5.57)	-6.80	(6.17)	-4.34	(6.48)	-0.66	(8.00)	-16.05	(11.89)
Previous (t) performance	0.63***	(0.04)	0.62***	(0.04)	0.59***	(0.04)	0.61***	(0.04)	0.58***	(0.04)
Firm age (log)	-0.36	(0.63)	-0.50	(0.64)	-0.33	(0.63)	-0.47	(0.64)	-0.25	(0.64)
Listed	-0.47	(0.68)	-0.60	(0.68)	-0.84	(0.67)	-0.64	(0.69)	-0.82	(0.69)
Unionized	0.58	(0.96)	0.31	(0.96)	-0.20	(0.95)	0.23	(0.98)	-0.28	(0.97)
Ownership	0.43	(0.27)	0.67*	(0.28)	0.71*	(0.28)	0.66*	(0.28)	0.64*	(0.29)
Capital Intensity (log)	0.18	(0.37)	0.25	(0.37)	0.26	(0.37)	0.29	(0.38)	0.33	(0.40)
Industry (dummy)	<i>(included)</i>		<i>(included)</i>		<i>(included)</i>		<i>(included)</i>		<i>(included)</i>	
<i>Independent variables</i>										
Explorer (dummy)			-1.30	(0.77)	-2.62	(2.60)	-1.34	(0.78)	24.44	(13.10)
Exploiter (dummy)			-1.40	(0.73)	0.90	(3.68)	-1.49*	(0.74)	26.35	(17.24)
Firm size (log)			0.83*	(0.34)	0.92*	(0.34)	0.08	(0.87)	2.36	(1.36)
Cost Control HR			-1.55	(1.70)	-4.93	(2.59)	-5.34	(9.57)	-1.14	(14.85)
Performance Capture HR			-1.00	(1.44)	1.31	(2.24)	-7.83	(7.01)	4.93	(12.12)
Hybrid Capture HR			0.09	(1.36)	-1.25	(2.15)	-5.38	(6.67)	14.84	(11.34)
Commitment Capture HR			0.17	(1.47)	-0.66	(2.34)	-4.89	(7.64)	10.20	(12.34)
Performance Creation HR			-0.51	(1.83)	-1.00	(2.96)	-5.96	(10.54)	14.21	(20.10)
<i>Two-way interactions</i>										
Explorer × Cost Control HR					5.32	(4.33)			-43.21	(34.82)
Explorer × Performance Capture HR					-1.45	(3.09)			-16.14	(16.05)
Explorer × Hybrid Capture HR					2.88	(2.83)			-31.62*	(15.20)
Explorer × Commitment Capture HR					1.12	(3.15)			-28.98	(17.44)
Explorer × Performance Creation HR					1.08	(4.11)			-35.70	(25.46)
Exploiter × Cost Control HR					2.78	(4.29)			-13.83	(25.04)
Exploiter × Performance Capture HR					-9.51*	(4.02)			-32.83	(20.40)
Exploiter × Hybrid Capture HR					-1.13	(3.83)			-35.11	(18.73)
Exploiter × Commitment Capture HR					-0.59	(4.11)			-25.38	(21.50)
Exploiter × Performance Creation HR					-1.57	(5.07)			-25.81	(33.25)

Table 5 (continued)

	Model 1	Model 2	Model 3	Model 4	Model 5
Firm size (log) × Cost Control HR				0.52 (1.68)	-0.22 (2.40)
Firm size (log) × Performance Capture HR				1.06 (1.07)	-0.26 (1.82)
Firm size (log) × Hybrid Capture HR				0.83 (1.02)	-2.43 (1.68)
Firm size (log) × Commitment Capture HR				0.76 (1.20)	-1.51 (1.84)
Firm size (log) × Performance Creation HR				0.82 (1.58)	-2.14 (2.91)
Explorer × Firm size (log)					-3.98* (1.87)
Exploiter × Firm size (log)					-3.98 (2.68)
Three-way interactions					
Explorer × Firm size (log) × Cost Control HR					8.70 (6.89)
Explorer × Firm size (log) × Performance Capture HR					1.92 (2.42)
Explorer × Firm size (log) × Hybrid Capture HR					5.27* (2.29)
Explorer × Firm size (log) × Commitment Capture HR					4.48 (2.69)
Explorer × Firm size (log) × Performance Creation HR					5.41 (3.72)
Exploiter × Firm size (log) × Cost Control HR					2.34 (4.32)
Exploiter × Firm size (log) × Performance Capture HR					3.64 (3.27)
Exploiter × Firm size (log) × Hybrid Capture HR					5.47 (2.97)
Exploiter × Firm size (log) × Commitment Capture HR					3.85 (3.49)
Exploiter × Firm size (log) × Performance Creation HR					3.74 (5.17)
<i>R</i> ²	.47	.49	.53	.49	.55
<i>F</i> -value	28.44***	17.06***	12.65***	13.23***	7.99***

Notes: *n* = 338. ROA = Return on Asset. Reference categories: Organizational strategy = Ambidexter; HR system = Commitment Creation HR.

p* < .05, *p* < .01, ****p* < .001

Figure 5. Three-Way Interaction Effects on Shorter-Term ($t + 1$) Firm Performance (ROA)

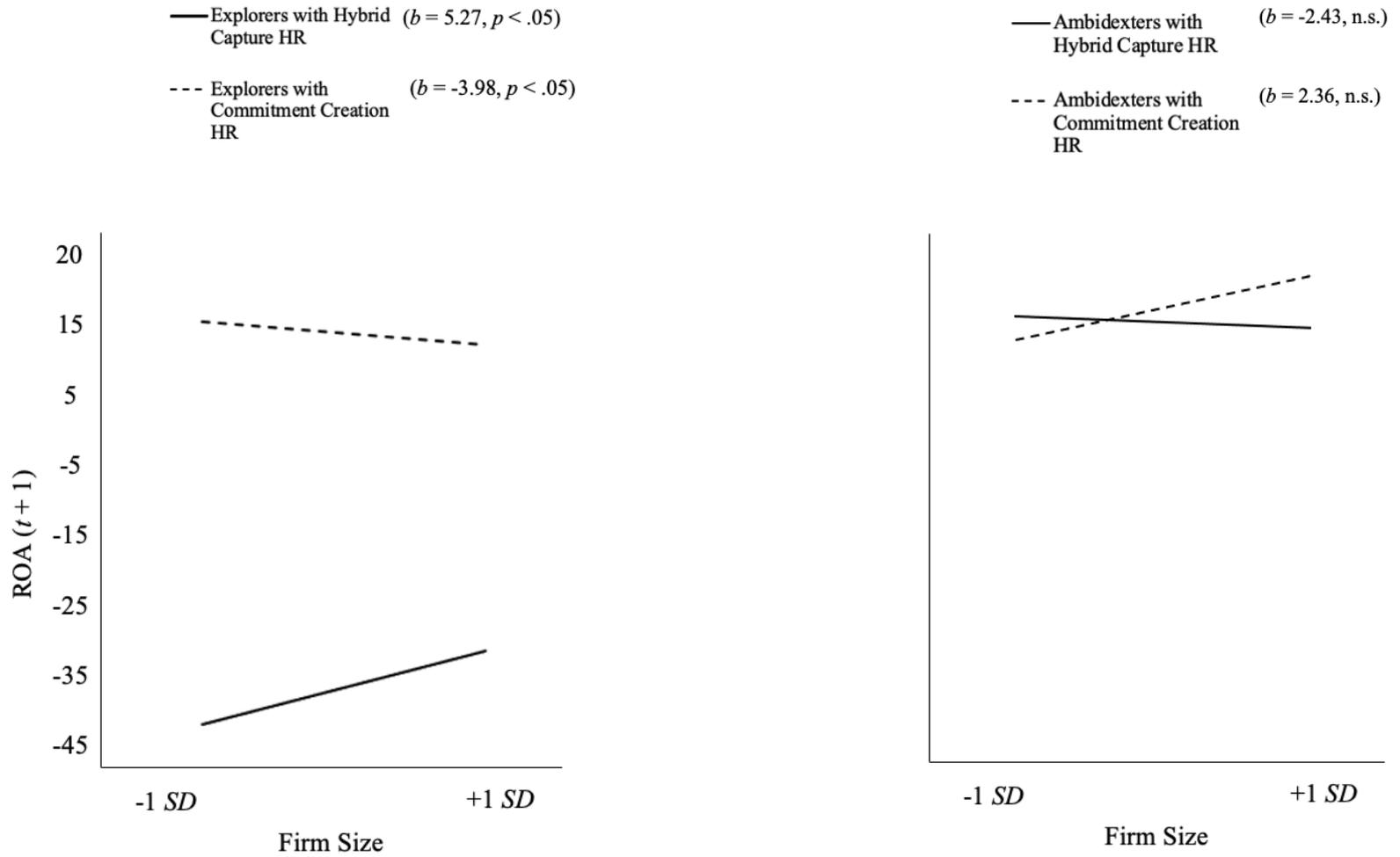


Table 6. Results of Regressions Predicting Mid-Term ($t+2$) ROA

	Model 1		Model 2		Model 3		Model 4		Model 5	
(Constant)	0.73	(6.51)	-0.13	(7.24)	4.64	(7.90)	-0.24	(9.46)	-7.12	(14.47)
Previous (t) performance	0.56***	(0.05)	0.56***	(0.05)	0.54***	(0.05)	0.56***	(0.05)	0.55***	(0.05)
Firm age (log)	0.37	(0.74)	0.42	(0.75)	0.42	(0.76)	0.52	(0.76)	0.67	(0.78)
Listed	-0.81	(0.79)	-0.72	(0.81)	-0.78	(0.82)	-0.79	(0.81)	-0.80	(0.84)
Unionized	0.14	(1.12)	0.04	(1.14)	-0.23	(1.16)	-0.01	(1.16)	-0.28	(1.19)
Ownership	-0.15	(0.31)	-0.01	(0.33)	-0.03	(0.34)	-0.04	(0.33)	-0.16	(0.35)
Capital Intensity (log)	0.01	(0.43)	-0.02	(0.44)	-0.12	(0.45)	0.01	(0.45)	0.01	(0.49)
Industry (dummy)	<i>(included)</i>		<i>(included)</i>		<i>(included)</i>		<i>(included)</i>		<i>(included)</i>	
<i>Independent variables</i>										
Explorer (dummy)			-0.56	(0.91)	-3.89	(3.18)	-0.60	(0.92)	9.96	(15.94)
Exploiter (dummy)			-0.09	(0.87)	-1.31	(4.49)	-0.12	(0.88)	33.35	(20.98)
Firm size (log)			0.29	(0.40)	0.25	(0.41)	0.23	(1.02)	1.63	(1.65)
Cost Control HR			-1.31	(2.02)	-5.09	(3.16)	-2.57	(11.31)	4.90	(18.07)
Performance Capture HR			-0.98	(1.71)	-1.39	(2.73)	-6.35	(8.29)	3.21	(14.75)
Hybrid Capture HR			-0.65	(1.61)	-3.36	(2.62)	-0.45	(7.88)	11.79	(13.79)
Commitment Capture HR			1.39	(1.74)	-0.88	(2.86)	6.21	(9.03)	18.63	(15.02)
Performance Creation HR			1.21	(2.17)	-0.19	(3.62)	7.87	(12.46)	26.75	(24.46)
<i>Two-way interactions</i>										
Explorer × Cost Control HR					5.20	(5.28)			-81.23	(42.37)
Explorer × Performance Capture HR					2.12	(3.77)			-6.21	(19.53)
Explorer × Hybrid Capture HR					4.14	(3.46)			-14.05	(18.49)
Explorer × Commitment Capture HR					4.12	(3.85)			-10.94	(21.22)
Explorer × Performance Creation HR					3.96	(5.02)			-25.56	(30.98)
Exploiter × Cost Control HR					4.50	(5.24)			-31.03	(30.47)
Exploiter × Performance Capture HR					-3.14	(4.91)			-45.58	(24.82)
Exploiter × Hybrid Capture HR					2.65	(4.68)			-40.62	(22.79)
Exploiter × Commitment Capture HR					1.47	(5.01)			-49.49	(26.16)
Exploiter × Performance Creation HR					-1.54	(6.19)			-30.73	(40.45)

Table 6 (continued)

	Model 1	Model 2	Model 3	Model 4	Model 5
Firm size (log) × Cost Control HR				0.23 (1.99)	-1.38 (2.92)
Firm size (log) × Performance Capture HR				0.89 (1.26)	-0.46 (2.21)
Firm size (log) × Hybrid Capture HR				-0.04 (1.20)	-2.29 (2.04)
Firm size (log) × Commitment Capture HR				-0.84 (1.41)	-2.97 (2.24)
Firm size (log) × Performance Creation HR				-1.02 (1.87)	-3.91 (3.55)
Explorer × Firm size (log)					-1.98 (2.28)
Exploiter × Firm size (log)					-5.54 (3.26)
Three-way interactions					
Explorer × Firm size (log) × Cost Control HR					17.22* (8.38)
Explorer × Firm size (log) × Performance Capture HR					1.02 (2.94)
Explorer × Firm size (log) × Hybrid Capture HR					2.75 (2.78)
Explorer × Firm size (log) × Commitment Capture HR					2.18 (3.28)
Explorer × Firm size (log) × Performance Creation HR					4.29 (4.52)
Exploiter × Firm size (log) × Cost Control HR					5.73 (5.26)
Exploiter × Firm size (log) × Performance Capture HR					6.93 (3.98)
Exploiter × Firm size (log) × Hybrid Capture HR					7.04 (3.61)
Exploiter × Firm size (log) × Commitment Capture HR					8.33 (4.25)
Exploiter × Firm size (log) × Performance Creation HR					4.51 (6.29)
<i>R</i> ²	.33	.35	.37	.35	.40
<i>F</i> -value	16.41***	9.50***	6.42***	7.48***	4.25***

Notes: *n* = 338. ROA = Return on Asset. Reference categories: Organizational strategy = Ambidexter; HR system = Commitment Creation HR.

p* < .05, *p* < .01, ****p* < .001

Figure 6. Three-Way Interaction Effects on Mid-Term ($t + 2$) Firm Performance (ROA)

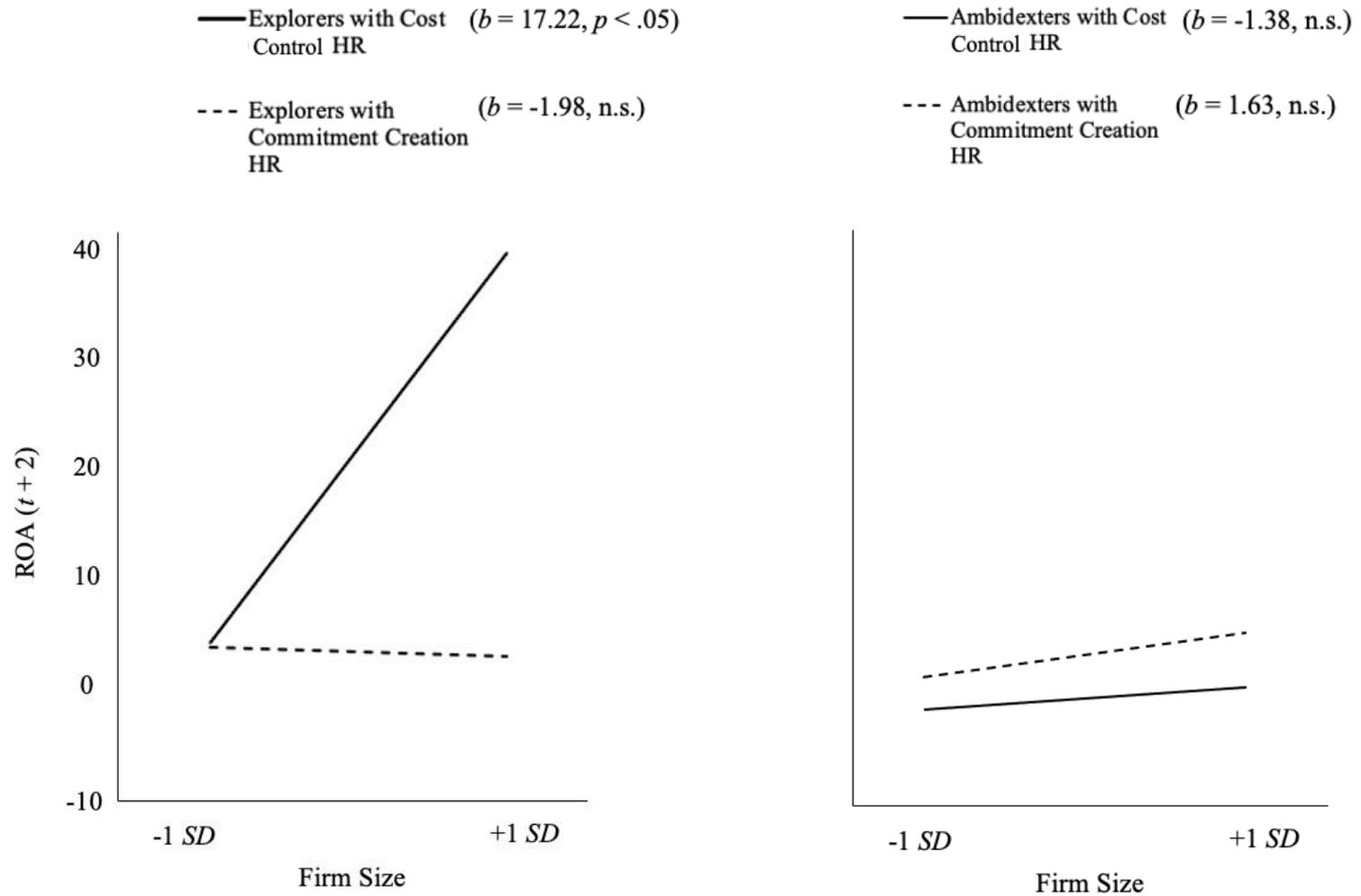


Table 7. Results of Regressions Predicting Long-Term ($t+3$) ROA

	Model 1		Model 2		Model 3		Model 4		Model 5	
(Constant)	5.64	(6.70)	6.55	(7.48)	11.16	(8.17)	8.66	(9.78)	0.33	(15.1)
Previous (t) performance	0.35***	(0.05)	0.36***	(0.05)	0.36***	(0.05)	0.36***	(0.05)	0.36***	(0.05)
Firm age (log)	0.26	(0.76)	0.40	(0.78)	0.28	(0.79)	0.47	(0.79)	0.42	(0.82)
Listed	-0.13	(0.82)	0.07	(0.83)	0.04	(0.85)	0.00	(0.84)	-0.02	(0.87)
Unionized	-0.47	(1.15)	-0.57	(1.18)	-0.62	(1.20)	-0.61	(1.20)	-0.72	(1.24)
Ownership	-0.19	(0.32)	-0.19	(0.34)	-0.12	(0.35)	-0.23	(0.34)	-0.20	(0.36)
Capital Intensity (log)	-0.27	(0.44)	-0.30	(0.45)	-0.40	(0.47)	-0.29	(0.46)	-0.34	(0.51)
Industry (dummy)	<i>(included)</i>		<i>(included)</i>		<i>(included)</i>		<i>(included)</i>		<i>(included)</i>	
<i>Independent variables</i>										
Explorer (dummy)			-0.68	(0.94)	-5.17	(3.28)	-0.70	(0.95)	21.57	(16.63)
Exploiter (dummy)			-0.43	(0.90)	-0.41	(4.64)	-0.43	(0.91)	3.59	(21.9)
Firm size (log)			-0.04	(2.08)	-0.16	(0.42)	-0.44	(1.06)	1.19	(1.72)
Cost Control HR			0.22	(1.77)	-1.33	(3.27)	-6.31	(11.69)	9.69	(18.86)
Performance Capture HR			-0.93	(1.66)	-1.08	(2.83)	-6.09	(8.57)	-2.01	(15.39)
Hybrid Capture HR			0.51	(1.80)	-3.94	(2.71)	-2.53	(8.15)	6.60	(14.40)
Commitment Capture HR			1.10	(2.24)	-3.28	(2.96)	0.50	(9.34)	10.52	(15.68)
Performance Creation HR			-0.04	(2.08)	-0.42	(3.74)	8.42	(12.89)	15.92	(25.53)
<i>Two-way interactions</i>										
Explorer × Cost Control HR					4.36	(5.46)			-52.84	(44.22)
Explorer × Performance Capture HR					3.66	(3.90)			-11.03	(20.38)
Explorer × Hybrid Capture HR					4.84	(3.57)			-21.63	(19.30)
Explorer × Commitment Capture HR					7.75	(3.98)			-17.79	(22.15)
Explorer × Performance Creation HR					4.59	(5.19)			-17.63	(32.33)
Exploiter × Cost Control HR					-2.20	(5.41)			-13.37	(31.80)
Exploiter × Performance Capture HR					-2.71	(5.08)			-2.87	(25.91)
Exploiter × Hybrid Capture HR					1.56	(4.84)			-4.07	(23.79)
Exploiter × Commitment Capture HR					1.37	(5.18)			-13.19	(27.30)
Exploiter × Performance Creation HR					-3.04	(6.40)			1.74	(42.22)

Table 7 (continued)

	Model 1	Model 2	Model 3	Model 4	Model 5
Firm size (log) × Cost Control HR				1.11 (2.05)	-1.60 (3.05)
Firm size (log) × Performance Capture HR				1.02 (1.31)	0.47 (2.31)
Firm size (log) × Hybrid Capture HR				0.22 (1.24)	-1.50 (2.13)
Firm size (log) × Commitment Capture HR				-0.06 (1.46)	-2.05 (2.34)
Firm size (log) × Performance Creation HR				-1.13 (1.94)	-2.34 (3.70)
Explorer × Firm size (log)					-3.96 (2.38)
Exploiter × Firm size (log)					-0.40 (3.40)
Three-way interactions (vs. Profile 6 & Ambidexter)					
Explorer × Firm size (log) × Cost Control HR					10.33 (8.74)
Explorer × Firm size (log) × Performance Capture HR					1.90 (3.07)
Explorer × Firm size (log) × Hybrid Capture HR					3.91 (2.90)
Explorer × Firm size (log) × Commitment Capture HR					3.77 (3.42)
Explorer × Firm size (log) × Performance Creation HR					3.22 (4.72)
Exploiter × Firm size (log) × Cost Control HR					1.82 (5.49)
Exploiter × Firm size (log) × Performance Capture HR					-0.22 (4.16)
Exploiter × Firm size (log) × Hybrid Capture HR					0.68 (3.77)
Exploiter × Firm size (log) × Commitment Capture HR					2.24 (4.43)
Exploiter × Firm size (log) × Performance Creation HR					-1.07 (6.56)
R ²	.15	.16	.19	.17	.21
F-value	5.97***	3.48***	2.55***	2.78***	1.71**

Notes: n = 338. ROA = Return on Asset. Reference categories: Organizational strategy = Ambidexter; HR system = Commitment Creation HR.

*p < .05, **p < .01, ***p < .001

CHAPTER FIVE: DISCUSSION

The field of strategic human resources management (SHRM) has been conceptualized as a coordinated approach where HR practices are seamlessly aligned with strategic actions to propel an organization towards its goals. However, a prevailing trend in existing literature appears to deviate from this vision. Most high-performance work systems (HPWSs) often rely predominantly on a universal approach, potentially exacerbating the “missing strategy” issue within the strategic HRM. In response to this observed discrepancy, the dissertation embarked on a thorough exploration to bridge the gap.

Study 1 introduced a parallel architecture approach, advocating for human resources (HR) systems to align closely with organization systems. Stemming from this idea, three primary HR principles were identified: commitment, productivity, and hybrid. The commitment HR is central for organizations prioritizing innovation. The performance HR, on the other hand, serves entities aiming to capitalize on present market dynamics. The hybrid HR, meanwhile, addresses organizations striking a balance between long-term and immediate results. Further deepening the arguments, the study examined the unique value operations of organizations, underlining two HR policies: value creation, which accentuates human capital rents, and value capture, which streamlines HR costs to ensure economic rents. Merging strategic aims with value differentiation, six HR systems emerged, inclusive of commitment creation and capture, productivity creation and capture, and hybrid creation and capture HR, each dovetailing with firm strategies and the ability-motivation-opportunity (AMO) framework.

Study 2 shifted its focus from theoretical to empirical, exploring the nuanced real-world applications of HR systems. This exploration validated the varied range of HR systems in practice through a model-based approach. Empirical studies of HPWSs have faced criticism due

to their perceived absence of a solid theoretical foundation, often relying on retrospective reasoning. Addressing these concerns, Study 2 employed a model-based methodology to examine HR systems. Drawing from a panel study in South Korea, the latent profile analysis (LPA) results identified six HR systems, which largely conformed to expected HR practices, supporting most hypotheses, except in the case of the hybrid creation HR.

Study 3 delved into the motivations driving organizations to adopt these HR systems and the ensuing competitive advantages they garner over varying timeframes. Regarding the antecedents of HR systems, Study 3 hypothesized that organizations would adopt a specific HR system based on their organizational strategies and firm sizes, but most of the hypotheses were not supported. One potential explanation for this discrepancy lies in the institutionalization of HR systems. Institutionalization refers to the process by which certain practices become deeply ingrained and accepted within an organization or an industry. In the context of HR systems, organizations may be more inclined to adopt practices that are widely regarded as legitimate and normative within their industry or broader institutional environment, rather than those optimized for their specific needs. Institutional pressures may lead organizations to conform to established HR norms (Boon, Paauwe, Boselie, & Hartog, 2009), even if these practices do not align perfectly with their organizational strategies or sizes. This conformist behavior can be driven by a desire for legitimacy and acceptance within the industry, as organizations may fear deviating from established norms could be perceived as unconventional or risky. Consequently, the gap between theoretical expectations (based on strategic alignment) and observed practices may be attributed to the powerful influence of institutional factors, shaping HR choices in ways that prioritize conformity over strategic optimization.

Secondly, the frequency results indicate a widespread preference among firms for the hybrid capture HR system, irrespective of their organizational strategy or firm size. This suggests a prevailing inclination among organizations to adopt an approach that incorporates elements of both exploration and exploitation in the management of their human capital, rather than exclusively emphasizing one over the other. Elaborating on this observation, the hybrid capture HR system is designed to balance the dual needs of exploration and exploitation. Organizations seem to be opting for a middle-ground approach that allows them to simultaneously explore new opportunities and exploit existing capabilities. The prevalent adoption of the hybrid capture HR system suggests that organizations may find themselves navigating a delicate balance between exploration and exploitation without committing fully to either. This strategic positioning could stem from a sense of uncertainty or indecision regarding the optimal approach to human capital management. Organizations may perceive the need to explore new opportunities and innovate while simultaneously leveraging and optimizing their existing capabilities. The adoption of the hybrid capture HR system allows them to hedge their bets and maintain flexibility in responding to evolving market dynamics. Moreover, the choice of a capture policy within the hybrid capture HR system, indicating a tendency to minimize human capital investment, could reflect a certain skepticism or ambivalence regarding the perceived value of human capital. Organizations adopting this approach may be operating under the assumption that minimizing investment in human resources aligns with their overall strategic goals. This perspective might be rooted in a belief that human capital may not provide a significant competitive advantage or that the benefits of extensive human capital investment are outweighed by the associated costs and uncertainties.

Lastly, the consideration of sample size reveals a potential limitation in the dataset, particularly in the distribution of subgroups. The frequency results highlight instances where

certain subgroups, such as large explorers adopting commitment creation HR, consist of a limited number of observations, in this case, 7 observations (2.0%). Similarly, other subgroups, like small and medium-sized explorers implementing commitment capture HR, have even fewer observations, with only 3 instances (0.9%). The inadequate representation of these subgroups in the dataset raises concerns about the potential for biased estimations in multinomial regression analysis. Multinomial regression relies on having a sufficiently diverse and representative sample to draw accurate conclusions about the relationships between predictor variables and the outcomes. When certain subgroups are underrepresented, the model may struggle to capture the full spectrum of variation, leading to imprecise or potentially skewed estimations. Thus, it is necessary to approach the results with caution, recognizing that the conclusions drawn from such subgroups may be influenced by the small sample size, potentially limiting the robustness of the statistical analysis and the broader applicability of the findings.

Study 3 further investigated the impact of HR systems that are in sync with organizational structures on company performance over shorter-, mid-, and longer-terms. Crucially, the data reveals that none of the hypotheses were supported, indicating that there isn't a singular HR system that consistently elevates firm performance across these different periods. One possible explanation for the challenges encountered in the analysis is that the selection of Return on Assets (ROA) as the dependent variable for measuring firm performance may not be the most appropriate or sensitive metric in the context of SHRM studies. Elaborating on this point, ROA is a financial indicator that assesses a company's ability to generate profits from its assets. While it provides insights into overall financial performance, it may not fully capture the nuanced and multifaceted impact of HR systems on organizational success. SHRM is concerned with how bundles of human resource practices contribute to strategic objectives, employee capabilities,

and overall organizational effectiveness. As such, relying solely on financial metrics like ROA might overlook critical dimensions of performance influenced by HR, such as innovation, employee engagement, or long-term strategic positioning. Instead, incorporating a more comprehensive set of performance indicators that align with the specific goals and strategies of the organization could enhance the analysis. Metrics such as organizational commitment, job satisfaction, and customer satisfaction may offer a more holistic view of the impact of HR systems on organizational outcomes. By diversifying the performance measures used, researchers can better capture the range of contributions that HR systems make to organizational success, moving beyond purely financial perspectives. This approach aligns with the broader goals of SHRM, which aims to understand and optimize the strategic impact of HR practices on both internal and external stakeholders.

Another plausible explanation for the observed challenges in Study 3 could be the need to shift the focus from the traditional emphasis on “fit” in SHRM literature to a more nuanced consideration of “flexibility.” The prevailing reliance on fit, as acknowledged by Wright and Ulrich (2017), might have limitations, and a more comprehensive understanding of organizational dynamics could be achieved by exploring the concept of flexibility. Flexibility, as proposed by Wright and Snell (1998), represents an organizational capability to adapt and reconfigure resources swiftly to address new strategic challenges. Unlike fit, flexibility is a dynamic construct that aligns more closely with the evolving nature of organizations and their response to changing environments. In the context of SHRM, flexibility can manifest as the ability of HR systems to adapt to varying strategic emphases—whether towards exploitation or exploration. For instance, companies emphasizing exploitation might experience enhanced short-term results by adopting commitment creation HR practices. On the other hand, larger firms

focusing on exploration might achieve better short-term outcomes through the adoption of hybrid capture HR practices. By incorporating flexibility into the analysis, researchers can move beyond a static fit perspective and embrace the dynamic nature of organizational responses. This shift allows for a more nuanced understanding of how HR systems contribute to organizational success across different strategic orientations and timeframes.

In summary, this dissertation theorized and identified the heterogeneity of HR systems in use. These HR systems are not adopted uniformly across organizations. Rather, there is a noticeable preference for specific HR systems despite different organizational strategies and firm sizes. Furthermore, parallel alignment doesn't guarantee a competitive advantage. Instead, it was discerned that certain combinations of organizational context and HR systems are more conducive to achieving superior firm performance. In what follows, contributions and future research directions based on limitations of this research are discussed.

Theoretical Contributions

The primary contribution of this dissertation to the field of SHRM is presenting a more intricate and nuanced view of HR systems. Historically, the SHRM landscape has largely been defined by literature that veers toward an oversimplified interpretation of organizational strategies, often suggesting just a handful of HR systems. Such a narrow lens potentially overlooks the multifaceted nature of organizations and their diverse HR needs, which can be a limiting perspective in the dynamic and varied business milieu of today. Against this backdrop, the research presented in this dissertation carves out a distinctive niche. It proposes that HR strategies are not just designed in isolation. Instead, they are strategically refined and deeply entwined with overarching organizational systems. This hierarchical alignment ensures that HR strategies are not merely aligned with, but are intrinsic contributors to, broader business goals.

Furthermore, this dissertation underscores a crucial point often glossed over in conventional SHRM literature: the implementation aspect. While strategic alignment is essential, the practical differentiation in how these strategies are executed is equally vital. Recognizing this dual facet—the strategy and its operation—the research paves the way for a more holistic understanding. Consequently, it offers insights that can better account for the heterogeneity of HR systems in practice, enriching the SHRM discourse with both depth and breadth.

Secondly, this dissertation plays a pivotal role in bridging the existing gap between the theoretical and empirical ends of the spectrum. On one side, HR systems that are theoretically derived, though rich in conceptual depth, often elude empirical examination. Conversely, while the empirically derived approach stands firmly on real-world observations, it frequently operates without a solid theoretical justification. Adopting an encompassing approach, the first study delves deeply into the theorization of HR systems, delineating conceptual frameworks and hypothesized configurations. In continuation, the second study rigorously subjects these theoretical HR constructs to empirical examination. Through this empirical validation, the research demonstrates that the theorized HR systems are not just abstract concepts but are verifiable entities manifesting in real-world contexts. This work highlights the multifaceted landscape of HR systems, countering the universal “one-size-fits-all” perspective that has been prevalent in the SHRM literature.

Finally, this dissertation introduces a shift in the SHRM field by emphasizing the “when” aspect. The underlying, and often unchallenged, assumption in the SHRM literature is the constancy of this relationship: HR systems invariably lead to enhanced firm performance. This perspective can be overly simplistic, neglecting the dynamism and intricacies of real-world organizational environments. This dissertation unveils that the effectiveness of a specific HR

system is not universally consistent but can be contingent upon the organizational context and, crucially, the timing of its implementation. In essence, an HR system that may be beneficial for one organization at a specific juncture might not necessarily offer the same advantages to another organization or even to the same organization at a different time. This revelation resonates with the perspectives of flexibility scholars, who have advocated that organizations may have to possess the agility to reconfigure their HR systems in response to strategic challenges. In this regard, this dissertation potentially acts as a bridge between the realms of fit and flexibility in the SHRM research. Specifically, by highlighting the temporal significance in the efficacy of HR systems, the research posits that strategic HR decisions should not be based solely on achieving an ideal fit. Instead, they should also incorporate a dimension of flexibility, allowing organizations to adapt and recalibrate their HR strategies according to the ebb and flow of their operational timelines.

Empirical Contributions

In the SHRM literature, empirical examinations of HR systems have been limited due to the prevalence of singular perspectives, including single HPWS, single rater, and single timeframe. This dissertation makes empirical contributions to the field of SHRM by adopting multiple perspectives.

With respect to single HPWS, this dissertation embraces a more nuanced perspective. It postulates the existence of heterogeneous HR systems, underpinned by latent variables — specifically, HR principles and policies. The rationale behind this approach is that when an organization employs a single HPWS, the need for a hidden driver of HR systems is minimal. However, as the study reveals in Study 2, the reality is far more diverse. There is a wide spectrum of HR systems in use, each tailored to the unique organizational contexts of different

organizations. In this regard, the research highlights the presence of hidden drivers — the HR principles and policies — that contribute to this diversity of HR systems based on LPA. This critical insight exposes the underexplored yet pivotal factors that underpin the rich tapestry of HR configurations across organizations, shedding light on the complex and multifaceted nature of HR systems beyond the one-size-fits-all paradigm.

With regarding to single rater issue, this research goes a step further by including feedback from multiple perspectives, specifically from both managers and employees. A recent systematic review by Boon et al. (2019) underscores the prevalence of single-rater designs in the field of SHRM, with more than 70% of studies analyzing HR systems relying on this approach. The limitation of single raters lies in the potential bias and the inherent limitations of assessing HR systems, especially in cases where certain HR practices may not directly pertain to the experiences or views of the rater. This is particularly significant because HR systems can have different interpretations and implications at various organizational levels, each with its unique set of challenges and dynamics.

To address these challenges, this research actively incorporates the input of both employees and managers. This multiplicity of perspectives is especially crucial in the opportunity domain, where differences in perception and understanding among employees and managers can significantly impact the evaluation of HR practices. Moreover, certain HR practices in the opportunity domain, such as decision-making and empowerment, can manifest differently between management and employees, making it imperative to capture these disparities. By including the voices of both groups, the research achieves a more nuanced and comprehensive evaluation of HR practices, enabling a more well-rounded and accurate assessment of HR systems.

Finally, this research takes a distinctive approach by examining firm performance across multiple timeframes, a task that presents unique challenges in empirical studies compared to theoretical contributions. While the theoretical contribution for assessing multiple timeframes was discussed in the preceding sections, executing this concept in an empirical study is an entirely different endeavor. In practical terms, gathering data on firm performance across multiple time points for a considerable number of companies is a complex and resource-intensive task.

This research, however, benefited from a panel study conducted in South Korea, which facilitated the examination of firm performance across various timeframes. The availability of such longitudinal data provided a valuable opportunity to explore not only the short-term but also the long-term effects of HR systems and their dual fit on firm performance. This multi-timeframe analysis adds depth and richness to the research findings. It acknowledges that the impact of HR systems and dual fit may vary over time, offering a more comprehensive view of their contributions to firm performance. It underscores the significance of considering the dynamic nature of these relationships and provides a more holistic understanding of how HR systems influence organizations over both short- and long-term, contributing to the broader body of knowledge in the SHRM.

Practical Implications

The findings of this dissertation offer several significant takeaways for HR practitioners. In today's fast-paced business environment, it's become common for HR practitioners to view HR systems as a commodity. This implies that there is a specific set of HR practices that can lead to higher firm performance. This prevailing mindset was evident in Study 3, which confirmed a pronounced preference for the hybrid HR system. However, Study 3 also demonstrated that there

is no HR system that can guarantee consistently superior firm performance. This insight is particularly invaluable for HR practitioners as it underscores the importance of fit. Rather than rigidly adhering to a perceived the “best practices” approach, HR professionals might be better served by adopting a more comprehensive perspective. This means continuously assessing, iterating, and tailoring HR practices to align with unique objectives of their organizations. By doing so, they can potentially circumvent the pitfalls of an overly standardized approach and create HR strategies that are both effective to the specific timeframe in which they operate.

Further delving into the research, another noteworthy finding emerged: firms often seek a balance between fostering commitment and driving performance in their HR strategies. The logic behind this is seemingly intuitive; a hybrid approach would presumably allow a firm to chase the dual objectives of long-term commitment and short-term performance. Many might assume that this dual strategy could best serve the organization’s dynamic needs. However, the results from this study challenge this prevailing assumption. In most instances, a hybrid HR approach, when considered in tandem with various organizational contexts like firm strategy and size, did not consistently yield a marked improvement in firm performance across different timeframes. From a practical standpoint, this finding prompts a critical reconsideration for HR practitioners: it might be more beneficial for organizations to adopt a clearer, more directed HR stance. By opting for a more focused HR strategy, organizations can send unequivocal messages to their employees. This clarity can, in turn, enable employees to better align their KSAOs with the overarching objectives of the organization.

The concluding insight from this research highlights a dominant inclination towards value capture HR as opposed to value creation HR. This finding reveals a discernible trend among firms: there’s a strong preference to curtail their investment in human capital, opting instead for

short-term savings, rather than generating human capital rents through substantial investment in human capital. Such a mindset might stem from a deeper skepticism within the managerial echelons, questioning whether economic value can indeed be derived from investing in human capital. This study offers some evidence that might seem to validate this skepticism. It showed that the value creation HR system did not necessarily outperform in terms of firm performance.

However, it's pivotal to note that the scope of this study was confined to a maximum three-year span. Such a temporal boundary might not adequately capture the long-term benefits and potential of genuine human capital investments. Sustainable competitive advantages are seldom built on a short-term perspective. Instead, they often emanate from deep-rooted investments and strategic foresight. In the realm of SHRM, this translates to investing in people not just as assets, but as value creators. HR practitioners, therefore, find themselves at a crucial juncture. They bear the responsibility of advocating for this long-term, value creation perspective, ensuring top management recognizes the untapped potential inherent in human capital. It's not merely about immediate returns but about fostering a work environment where the full potential of employees can be realized, culminating in enduring competitive strengths for the organization.

Limitations and Future Research Directions

While this research strives to provide valuable insights into HR systems and their effects on firm performance, it is crucial to acknowledge and address its inherent limitations. These limitations are integral to any research endeavor and should be considered when interpreting the findings and drawing conclusions.

This research's commitment to adhering to the principles of SHRM forms a critical foundation for its research framework. However, the empirical findings not supporting the idea that parallel alignment of HR systems with organizational strategies consistently leads to

superior firm performance raises two fundamental possibilities: (1) theoretical challenges and (2) empirical limitations. The former suggests that the empirical methods or data used in the study might have limitations or biases that affected the outcomes. In contrast, the latter challenges the core assumptions of SHRM and raises the need for a more nuanced and context-specific approach to understanding the link between HR systems and competitive advantage. Exploring these two possibilities further could lead to valuable insights and contribute to the ongoing discourse in the field of SHRM.

Regarding theoretical challenges, the foremost one encountered in this study lies in the potential for even greater heterogeneity of HR systems than initially theorized. The latent profile analysis suggested an eight-profile model, yet it was not utilized in the study due to the constraint of a small sample size (less than 5%). This implies that there may be additional HR systems not explicitly theorized, including the possibility of a distinct type such as cost control HR. The existence of unexplored HR systems signifies that the landscape of organizational strategies and the spectrum of policies for value operation may be more diversified than initially conceived. In particular, the absence of consideration for cost control HR in the theorized models indicates that there could be additional dimensions or strategies that play a role in shaping HR practices within organizations. To comprehensively capture the heterogeneity of HR systems in use, future research might need to explore a broader array of organizational strategies and delve into more nuanced policies of value operation. This entails examining how organizations strategize and operationalize their approaches to value creation and capture, considering dimensions such as social versus economic exchange, internal versus external labour market, and transactional versus relational contract. Incorporating these diverse policies into the theoretical framework allows for a richer exploration of HR system configurations and the factors

contributing to their heterogeneity. In essence, recognizing the need to account for more diversified policies of value operation expands the theoretical lens to better capture the complex interplay between organizational strategies, value creation, and HR system design.

Secondly, the absence of support for hypotheses anticipating organizational strategy and firm size as direct antecedents of HR systems raises critical questions about the foundational assumptions of SHRM. This prompts a deeper exploration into the theoretical underpinnings of SHRM and challenges the conventional wisdom regarding the dominant factors influencing HR systems. Specifically, the inconclusive findings regarding the direct influence of organizational strategies on HR systems prompt a reconsideration of the very definition of SHRM. If organizational strategies do not emerge as the primary drivers of HR system configurations, it calls into question the traditional emphasis on the strategic alignment between HR systems and overarching organizational objectives. This challenges the notion of a linear relationship between strategic planning and the design of HR systems. Furthermore, the query arises as to whether the concept of "vertical fit" in SHRM, signifying the alignment between HR systems and the strategic objectives of the organization, truly exists. If the alignment between HR systems and organizational strategies is not as straightforward as anticipated, it prompts a reevaluation of the theoretical framework underpinning SHRM, necessitating a more nuanced understanding of the factors influencing HR system design. The unexplored terrain revealed by this study's theoretical challenges paves the way for promising avenues of future research within the field of SHRM. Future research could delve into identifying and understanding alternative antecedents of HR systems beyond organizational strategies and firm size. Exploring factors such as organizational culture, employee preferences, and external environmental influences may offer valuable insights into the nuanced drivers of HR system configurations.

The lack of support for the effectiveness of dual fit on firm performance also poses a significant challenge to the fundamental assumption of SHRM. SHRM, at its core, is based on the premise that aligning human resource practices with organizational strategies should lead to superior firm performance. Given the results of Study 3, there is a possibility that the direct relationship between HR systems and firm performance may not hold universally true. However, it would be undesirable to prematurely dismiss this assumption based solely on the findings of this research. Rather, the research suggests the need to consider potential moderating factors that can influence the relationship between HR systems with dual fit and firm performance. For instance, different organizational strategies may require varying levels of HR strength (Bowen & Ostroff, 1994; Ostroff & Bowen, 2004). Exploratory strategies may necessitate a higher degree of human capital compared to exploitative strategies. Recognizing and accounting for these variations in HR strength can be crucial in understanding the interplay between HR systems and organizational performance. Furthermore, different timeframes could be theorized as a moderator in the relationship between HR systems and firm performance. Timeframes can influence how the impact of HR systems unfolds, with different stages or durations potentially revealing distinct effects. Understanding the moderating role of timeframe can offer a more nuanced perspective.

With respect to empirical limitations, one of the most pivotal questions raised by this research centers around the operationalization of constructs used in this study. The utilization of a secondary dataset in this study introduced certain limitations, particularly in terms of the availability and suitability of variables to test the hypotheses related to HR system profiles using the AMO framework. The AMO framework involves intricate constructs related to the alignment of abilities, motivations, and opportunities. Specifically, one notable limitation is the absence of specific variables that are essential for a comprehensive examination of HR systems. For

instance, recruitment and selection practices, integral components of HR systems, could not be directly included due to the absence of relevant indicators. The complexity of these constructs requires a diverse set of variables to capture the nuances of each element. The secondary dataset may not have covered all aspects of HR practices relevant to the AMO framework, potentially oversimplifying the representation of HR systems. In addition to this, the limitations imposed by the secondary dataset may extend to measurement challenges. The dataset might not provide nuanced measures for certain HR practices, making it difficult to accurately capture the intricacies of how these practices contribute to the alignment of abilities, motivations, and opportunities. Considering these limitations, future research could involve the collection of primary data specifically designed to capture the nuances of HR practices, addressing the absence of certain variables and allowing for a more comprehensive examination of the AMO framework. Additionally, incorporating multi-level data, conducting longitudinal studies, and exploring qualitative aspects could enhance the depth and breadth of knowledge on the interplay between HR systems and organizational outcomes within the AMO framework.

Furthermore, the acknowledgment of sample size constraints in the secondary dataset is crucial for interpreting the findings and understanding the potential limitations of statistical power. With a smaller sample size, the study might not have had sufficient statistical power to detect significant relationships or effects, leading to inconclusive or non-significant results for certain hypotheses. Expanding the sample size, when feasible, is a common strategy to enhance statistical power in research studies. A larger sample size allows for a more accurate representation of the population, reducing the margin of error and increasing the reliability of the findings. In the context of this study, a larger sample size could provide more robust evidence

regarding the relationships between organizational strategies, firm size, and HR systems. In future research, efforts to increase the sample size should be considered where possible.

The study's attempt to address it by incorporating variables measured from various sources, including HRM/HRD personnel, employees, and managers, is a valuable aspect of methodological transparency. However, the predominant reliance on measures assessed by HRM/HRD personnel introduces a potential limitation to the study's data quality and comprehensiveness. While including perspectives from different sources is a step towards mitigating bias and obtaining a more holistic view, the study rightly acknowledges the need for a more rigorous dataset involving multiple employees. This recognition emphasizes the importance of triangulation in data collection, where information from various stakeholders within an organization is systematically gathered to enhance the validity and reliability of the results. In future research, a more robust approach might involve obtaining responses directly from a diverse sample of employees across different organizational levels. This not only addresses the potential bias associated with single-rater evaluations but also provides a more nuanced understanding of how HR systems are perceived and experienced at different levels within the organization. Moreover, exploring potential discrepancies in responses between HR personnel and employees could offer valuable insights into the alignment (or misalignment) of HR practices with the actual experiences and perceptions of the workforce. This methodological refinement contributes to the ongoing conversation about the need for multi-level and multi-source data in strategic human resource management research.

The study's contextualization within the specific cultural, economic, and organizational landscape of South Korea is a key strength as it captures the intricacies and idiosyncrasies of the local business environment. However, it is crucial to recognize that these contextual factors may

have contributed to the observed heterogeneity in HR systems, the prevalence of hybrid capture HR, and the limited effectiveness of the dual fit model within the South Korean context. Given the unique nature of the South Korean business environment, it becomes imperative to consider the external validity of the findings and their generalizability to other cultural and economic settings. Replicating the study in diverse contexts, particularly in regions like North America with its varied organizational landscape and distinctive HR practices, would offer valuable insights into the universality or specificity of the observed patterns. North America, being a region with diverse industries, organizational structures, and cultural influences, provides an ideal contrast to the South Korean context. By extending the research to encompass different cultural and economic settings, SHRM researchers can explore whether the patterns and relationships identified in this study are reflective of broader, cross-cultural phenomena or if they are specific to the unique conditions of South Korea. This expansion beyond a single cultural context is essential for advancing the external validity of SHRM theories and models, ensuring that the insights gained are applicable and relevant across a broader spectrum of organizational and cultural contexts. Such cross-cultural comparisons contribute to the robustness and generalizability of SHRM research, ultimately enhancing its practical implications for organizations operating in diverse global environments.

In essence, the research points toward avenues for future exploration. These directions include reevaluating measurement variables, expanding sample sizes, and adopting a more comprehensive approach to capturing HR practices and their impact on firm performance in multiple countries. These adjustments can refine the understanding of the complex relationship between HR systems and competitive advantage, contributing to the ongoing development of the field of SHRM.

Conclusion

This dissertation provides a comprehensive exploration into the intricate nature of HR systems, challenging conventional perspectives within the realm of SHRM. By highlighting the diversity of HR systems and advocating for their alignment with organizational strategies, the research also sheds light on the varied approaches organizations take in operationalizing their values. These insights prompt a thoughtful consideration of the long-term strategic implications associated with investments in human capital.

However, it is crucial to acknowledge the study's limitations, particularly its cultural specificity. The findings, while illuminating within the South Korean context, may not be universally applicable. This raises questions about the broader generalizability of the study's insights, especially when considering the dynamic and culturally diverse nature of the global business landscape. Moreover, the dissertation leaves certain questions unanswered, particularly concerning the antecedents and the overall effectiveness of the proposed fit model. This underscores the importance of approaching the study's conclusions with a degree of caution and calls for further research to delve deeper into these aspects.

As the business world continues to evolve, marked by ongoing changes in technology, globalization, and organizational practices, the need for more expansive and nuanced research becomes evident. Such research should extend beyond cultural boundaries, encompassing diverse contexts to uncover the deeper intricacies of HR system dynamics. Only through this multifaceted exploration can organizations truly harness the full potential of their human capital to strategically shape their futures. The call for future research is clear, emphasizing the importance of a holistic understanding of HR systems in driving sustained organizational success.

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APPENDIX: LISTS OF ACRONYMS

aBIC	sample-size-adjusted Bayesian Information Criterion
AIC	Akaike Information Criterion
AMO	Ability-Motivation-Opportunity
BIC	Bayesian Information Criterion
BLRT	Bootstrapped Likelihood Ratio Test
CDP	Career Development Plan
CAIC	Consistent Akaike Information Criterion
DCAT	Distal outcome, CATegorical
ESOP	Employee Stock Ownership Plan
HCCP	Human Capital Corporate Panel
HCT	Human Capital Theory
HPWSs	High-Performance Work Systems
HR	Human Resources
HRD	Human Resources Development
HRM	Human Resources Management
KIS	Korean Information Service
KRIVET	Korean Research Institute for Vocational Education and Training
KSAOs	Knowledge, Skills, Abilities, and Other characteristics
LL	Log-Likelihood
LPA	Latent Profile Analysis
OJT	On-the-Job Training
OR	Odd Ratio
R&D	Research & Development
ROA	Return on Asset
SHRM	Strategic Human Resources Management
SMEs	Small and Medium Enterprises