

Principles of Human Resource Management
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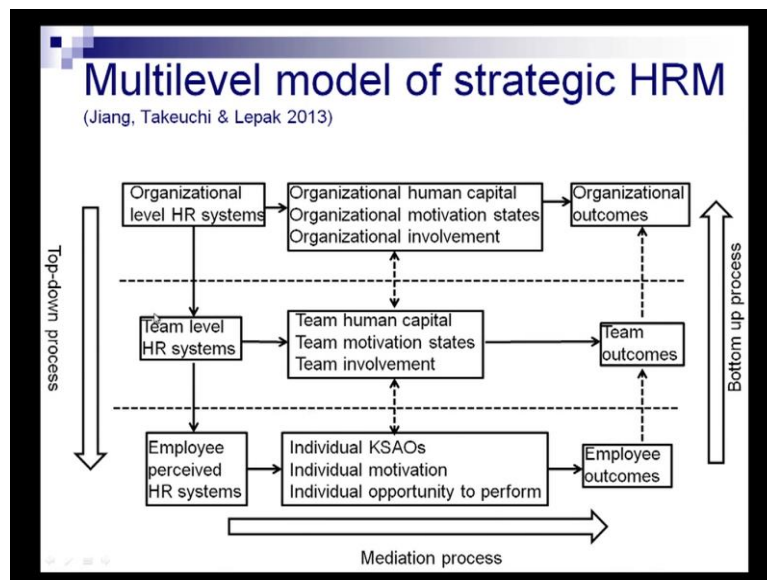
Module No. #07

Lecture No. #26

Strategic Human Resource Management in a Networked World

Welcome back, to the class on, Human Resource Management. My name is Aradhna Malik. I was talking to you, a little while ago, about the strategic, the model of strategic, multilevel model of strategic HRM.

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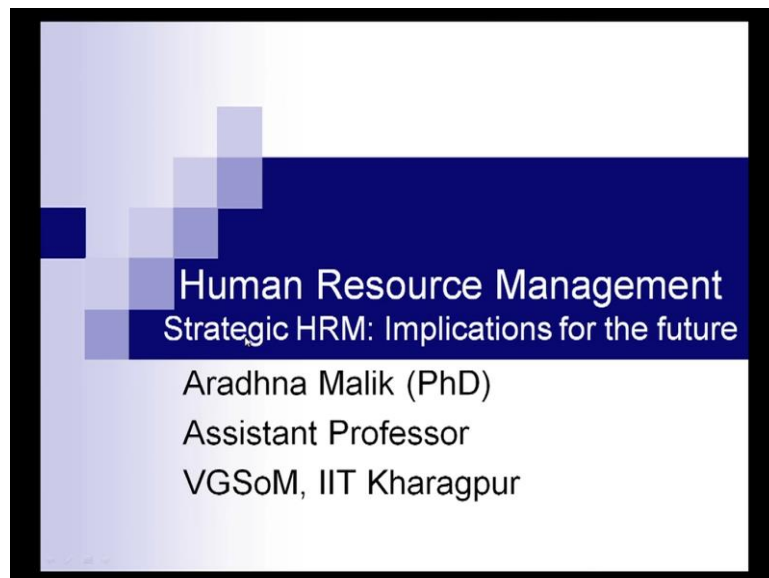


And, I described, how strategic HRM develops, at different levels. Now, I will move on to, the next issue, which is implications, for the future.

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And, these are the sources, that I have used, I told you.

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Sources

Jiang, K., Takeuchi, R. & Lepak, D. P. (2013). Where do we go from here? New perspectives on the Black Box in strategic human resource management research. *Journal of Management Studies*, 50(8), 1448-1480.

Swart, J., & Kinnie, N. (2014). Reconsidering boundaries: Human Resource Management in a networked world. *Human Resource Management*, 53(2), 291-310.

So, we already covered the paper, by Jiang-Takeuchi, and Lepak. Now, in the next slides, I will be covering this paper, by Swart, and Kinnie. And, I will show you this, paper again. I have it, right here.

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**RECONSIDERING BOUNDARIES:
HUMAN RESOURCE MANAGEMENT
IN A NETWORKED WORLD**

JUANI SWART AND NICHOLAS KINNIE

In the twenty-first century, work activities tend to span organizational boundaries and take place in projects or networks. This cross-boundary working has major implications for current HRM models that are more suited to an industrial economy, which assumes a single employer and where work is carried out within a set of clearly defined boundaries. We draw on a decade of empirical research in cross-boundary contexts to identify: (1) three types of networked interaction, interaction, and integration that vary according to their boundary properties, the focus of the work activity, and the prominent identification; (2) the particular structural, relational, and knowledge-based tensions (Phelias, Heidl, & Wodhwa, 2012) that are inherent in each networked context; and (3) three HRM models (buffering, borrowing, and balancing) that are appropriate to sustain networked working in these contexts. The main contribution of the article is the identification of HRM models in networked contexts. © 2014 Wiley Periodicals, Inc.

Keywords: commitment, human capital, strategic issue management, restructuring, strategic HR

Introduction

The aim of this article is to develop a typology of HRM models that addresses the challenges inherent in contemporary forms of organizing. An analysis of present-day work illustrates that we have moved from operating within a single set of clearly defined organizational boundaries to a networked way of working where products and services are co-created (Donnelly 2009, 2011; Fincham, 1999; Marchington, Grimshaw, Rubery, & Willmott, 2005; Marchington, Rubery, & Grimshaw, 2011; Powell & Grodal, 2005; Rubery, Cooke, Marchington, & Earnshaw, 2003; Singh & Fleming, 2010; Storey & Wright, 2011; Wuchty, Jones, & Uzzi, 2007). We therefore cannot merely focus on HRM practices within the firm and need to ask: *How are HRM models configured within networked contexts?* We address this question by drawing on a decade of research into cross boundary working, predominantly in professional services firms (PSFs), which are highly appropriate for this research question given that they are considered to be representative of contemporary

This is the paper. And, it is called, reconsidering boundaries. This is the human resource management, in a network world. We are talking about, human resource management, for the future. Okay. And, this is what, I would really like you to think about. And, that is why, I have titled this part of the lecture as, implications for the future.

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Strategic HRM in a networked world

(Swart & Kinnie, 2014)

- Management of human capital and relational capabilities of the firm
- Focuses on "... development of skills that facilitate relationship building & specifically, team-based effectiveness"
- Defining characteristics:
 - Buffering model – Fluidity
 - Borrowing model – "Leveraging experience at the level of the network"
 - Balancing model – "Duality of membership & HRM practices, which result in network-level efficiency"

Strategic HRM in a networked world, deals with, management of human capital and, relational capabilities of the firm. It focuses on, development of skills, that facilitate relationship building, and specifically, team-based effectiveness. The world is moving towards, networking. The world is moving towards, you know, being connected. The world is moving towards, borrowing things from each other, supporting each other, facilitating each other, getting the best talent, the best skills, from all around the world, wherever one can find it.

Connection with each other, is no longer a problem. When I was growing up, I have seen phone numbers, from 1-digit phone number to 10-digit phone numbers. And, believe me, I am not that old, but still. So, you know, many of you probably, do not realize that, there was a life like that, just sometime back. And, it was not easy, to get connected to anyone. When, I was in my teens, we had to actually book, trunk calls.

And, you know, the place, where we stayed, you know, my parents and so, where we grew up. We did not have access to, I mean, STD's were came up, when we were in our 20's, or late teens. And, till that time, you had to book a trunk call. And, you had to wait for days, to even speak to somebody, in another city. Having a phone in your house, was a luxury. It was not a necessity. We have had situations, where we have had to take phone calls, at a neighbor's house.

And so, that was the norm. One person in the, or two people in the colony, had a phone. And, we would go and receive phone calls, at somebody else's house. And, that was okay. And, people would sit and watch TV, in somebody else's house. And, these days, every house has a TV. And, you know, hundred channels. And, everybody has a cell phone, and everything. So, it is so easy, to stay connected to people, all over the world. Which is why, you are watching this program. Anyone and everyone has access, to the internet.

And, it is very easy, to stay connected with people. That is the whole basis, the whole foundation, for the development of these, NPTEL programs. So, we need to develop skills, that facilitate relationship building, and specifically, team-based effectiveness. We need to have, the world is moving towards, situations where, you will not be able to do anything, on your own. Individual work. Anyway, is you know, you need the support of different people, who are experts in different disciplines.

And, this networking is happening online, in the cloud. And so, you know, we are taking the best pool of resources, in terms of skills, and team-based effectiveness, has to come in. And, that can be facilitated, only by the HR professional. A primarily, not only but primarily, by the HR professional, the HR functions, help you do it. Some defining characteristics. There is, of different models. There are four models of, strategic HRM, in a networked world.

We have, the buffering model. And, the characteristic of this model is, fluidity. I will share, all these models, in detail with you, in a minute. Borrowing model. And, the defining characteristics are, leveraging experience at the level of the network. Three models, sorry. And balancing model, where the duality of membership and HRM practices is focused on, which result in network level efficiency. I will just tell you, what these mean.

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Challenges of networked organizations

(Swart & Kinnie, 2014)

- “Networked working [is] the co-creation of products and services that have economic value for stakeholders extending beyond the boundaries of a single organization.”
- “... need to consider how suppliers, partner, clients and customers influence the way in which people are managed.”

Some challenges of networked organizations. The first challenge is, that networked working, working in networks, working in teams, working in groups, is the co-creation of products and services, that have economic value. Co-creation means, building together, creating together, forming together, making together, producing together, working in teams. Of products and services, that have economic value, that are beneficial for stakeholders, extending beyond the boundaries, of a single organization.

Different people are getting together, to give you the best possible service, the best possible output. It is not limited, to a single organization. This relates to, what we talked about, right in the beginning of this course, if you remember, the boundaryless organization. Remember that concept. The boundaryless organization. This organization has no boundaries. Alright. Networked working needs to consider, how suppliers, partner, clients, and customers, influence the way in which, people are managed.

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Networked working (Contd.) (Swart & Kinnie, 2014)

■ Individual perspective:

□ “Identities of ‘employees’ in [the] liminal space (space between the connection employees have to their organizations and their clients) are formed through a dialogue between themselves & the parties with whom they interact.”

□ Challenges:

- “Multiple time target demands from various stakeholders placed on the individuals which may create both synergies (creation of value for both) and conflicts.”
- Emotional pulls from both sides
- Sense of commitment

The individual perspective of networked working is, the identities of employees, in the liminal space. Liminal space refers to the, space between the connection employees have, to their organizations and their clients. And, we will talk more about this tension, as we go along. But, there is, you know, we do not know, who we are, more connected to. When we are trying to give the best, through our skills, the affiliation we have, can change. Not change, but, it can be in a limbo. It can be in a state of confusion.

I do not know, who I am more answerable to, especially, as an HR professional. Philosophically, HR professionals are there, to safeguard the interests, of the employees. But, they are also there to ensure, that the work is done, the way it should be done. Where do you draw the line? Which side are you on. So, while delivering products and services, again the employees feel, a sort of stress. Should they give the customer, the best value, or should they hold back, cut corners, and ensure the maximum amount of profit, for the organization

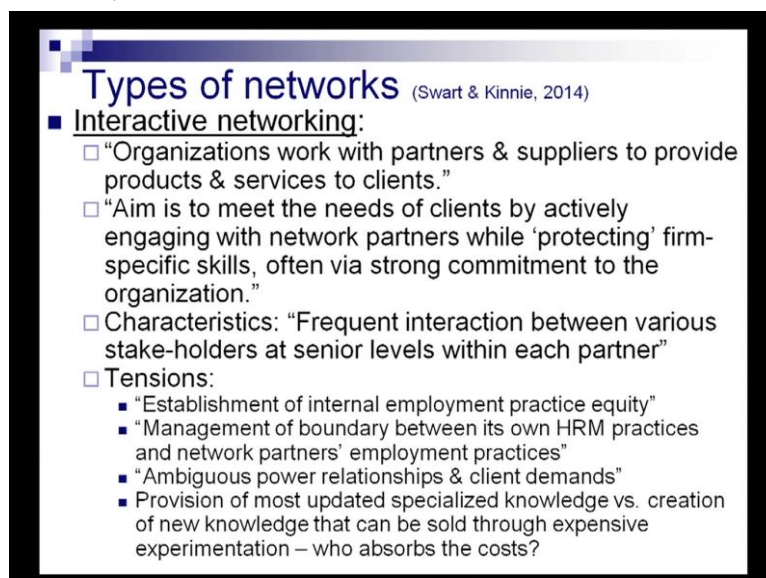
Where do i draw the line, as an employee, especially in the service industry. Should I go above and beyond the call of duty, and give every customer, the best possible service. Maybe, maybe not. Or, should I cut corners. So, and who is my allegiance to. And, we established this sense of identity, this comfortable space, through a dialogue with ourselves. I talk to myself. I way the options, in my head. And then, decide. Okay, this is going to be, a repeat customer. I am going to have, a long-term relationship with this customer.

Maybe, i need to go above and beyond the call of duty, and help this customer. This customer is not going to be with me, for long-term. This customer is going to purchase it, the product or service, one time, and going to leave. I am not saying, it is ethical. I am not talking about, the ethics of the situation. But, we decide this, based on our situation. And, how do we decide this. We have a dialogue, with ourselves. There is a lot of self-talk, that goes on. That is commonly labelled as, thinking. As simple as that.

So, through a dialogue between themselves, and the parties with whom, they interact. There is self-talk. There is decision-making. There is also discussion with the people, who you are dealing with. The challenges to this are, that there are multiple time target demands, from various stakeholders, placed on the individuals, which may create both synergies, which is creation of value for both, and conflicts, whose need comes first, whose need do you need to service first, etcetera.

Emotional pulls from both sides. I want to be connected. I want to be committed, to my customer. I also want to be, you know, show my allegiance, to my organization. And, the sense of commitment, becomes a challenge. Where is my commitment more, as an employee? And, then i go to the human resource office, and try to figure this out, with their help, as an employee.

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Types of networks (Swart & Kinnie, 2014)

- **Interactive networking:**
 - "Organizations work with partners & suppliers to provide products & services to clients."
 - "Aim is to meet the needs of clients by actively engaging with network partners while 'protecting' firm-specific skills, often via strong commitment to the organization."
 - Characteristics: "Frequent interaction between various stake-holders at senior levels within each partner"
 - Tensions:
 - "Establishment of internal employment practice equity"
 - "Management of boundary between its own HRM practices and network partners' employment practices"
 - "Ambiguous power relationships & client demands"
 - Provision of most updated specialized knowledge vs. creation of new knowledge that can be sold through expensive experimentation – who absorbs the costs?

Types of networks. Interactive networking. Interactive networking refers to, the work of the organization, with partners and suppliers, to provide products and services, to clients. The

aim of interactive networking is, to meet the needs of clients, by actively engaging with network partners, while protecting firm's specific skills, often via, strong commitment to the organization. So, we find out, what the client needs. And, we find out, who can give them, who can help us give the clients, what they need.

So, we bank on consultants. We get experts. We get specialists, from different disciplines. And, we go ahead and deliver, something to the client. And so, while protecting firm specific skills, we do not really, we do not compromise, on our intellectual capital. We do not share, how we have done things. We give them the end product. I will give you an example. We are developing, the website of our department. And so, I am helping, develop that website.

And, there is somebody else, who is helping me, do that. Now, I have not been able to, get this person to teach me, how they have done, what they have done, till now. They are only teaching me, how to edit the website. They are not teaching me, how to do the main thing. Why because, that is their intellectual capital. If they share that information with me, then i will not need them, in the future. So, their need is gone. Right. And then, you know, so it is happening in pieces. It is happening.

They are charging us, for every little bit, that they are doing for us. And so, it is happening in pieces. And, I have only been taught, how to edit the website. May be, do a few things, here and there. But, for everything, you know, they are keeping the actual skills, the actual information, the actual knowledge, in their own hands. I do not know, whether it is ethical or unethical. But, it is their intellectual property. They do not want to share it.

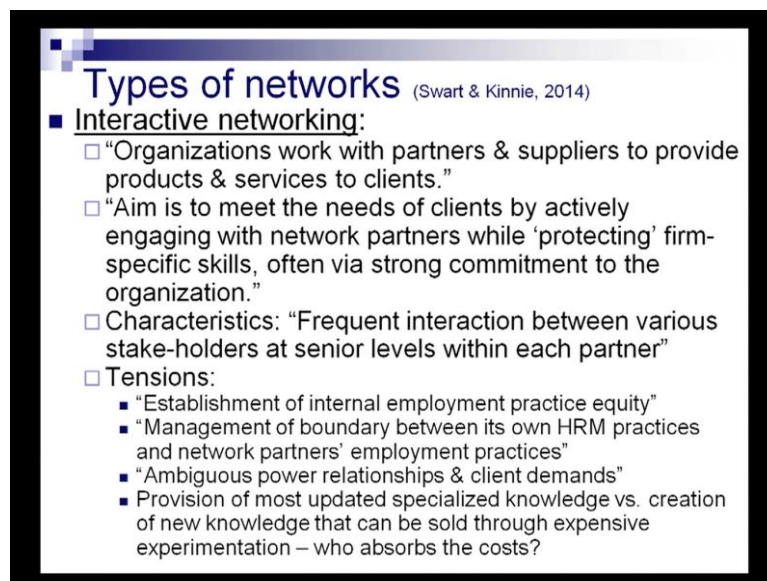
So, you protect your firm specific skills. And, this means, that your stronger commitment, we are doing it together. But, the firm is not sharing, whatever it knows, with us. Characteristics are, frequent interaction between, various stakeholders at senior levels, within each partner. So, different firms, get together. And, they share different things, with each other. Senior people, get together, express their needs, and those needs are fulfilled.

Many times, the how of, how the fulfilment of these needs, is not shared. The tensions that arise, as a result of this networking, are establishment of internal employment practice equity. How do you, you know, within an organization, how do you establish, internal employment practice equity. How do you, create a sense of fairness, among the employees, who are

involved in doing something, that is going to lead to something else, or working towards an end result?

What do you do. And, how do you do it. Now, how you do it. That is a big challenge. The perceived value, the perceived effort involved, has to be measured, and has to be balanced out. The management of boundary, between its own HRM practices, and network partner's employment practices.

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Types of networks (Swart & Kinnie, 2014)

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When two or three organizations are involved, the practices may clash with each other. What is the wage, that needs to be given to people? What kinds of resources, do you provide them?

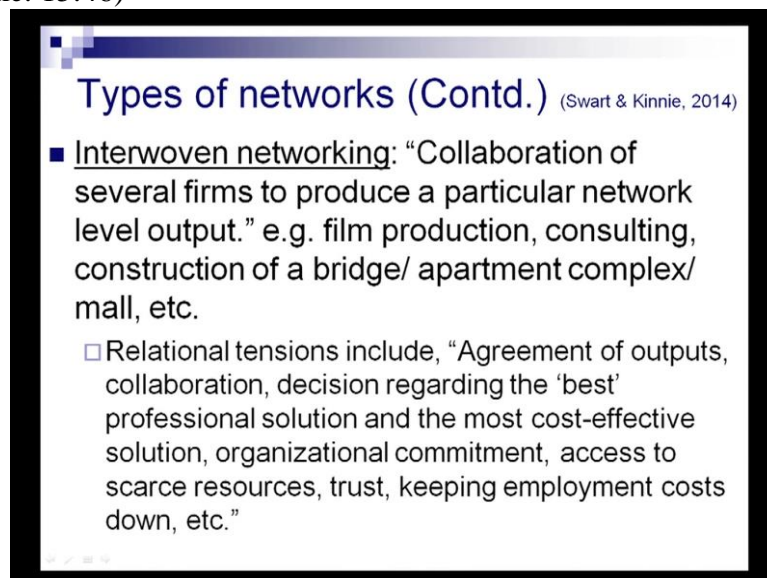
Where do you draw the line? The working hours, i mean, if it is long-term. Then, vacation policies. Who can be hired. Who needs to be reprimanded. Who needs to be given, what kind of work. All that becomes, the responsibility of the HR professional. So, just finding out, where you do your own work, and where you accept the issues, proposed by the other organization. Ambiguous power relationships and client demands, is the third point here, the third tension here. Which is, who is answerable. This is what, we are talking about here

This point, right here. So, who is actually, responsible for. Or, who you are, answerable to. And, how do you deal with, the demands of the clients. Provision of most updated specialized knowledge, versus, creation of new knowledge, that can be sold through, expense of experimentation. And, who absorbs the costs. The client, only tells the vendor, or the service

provider, about a problem, that the client is facing. The service provider goes, and solves that problem.

And, when the service provider solves that problem, then you know, in solving their problem, the service provider may hit a roadblock. And, we need to generate, more solutions. And, at that point, some more costs may, need to be incurred. Who absorbs these costs. Who decides, how much of experimentation, is acceptable. And, where, you know, they will be going, they will be crossing a limit, as far as, experimentation costs are concerns. So, these are some of the tensions, that come up with, interactive networking.

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Types of networks (Contd.) (Swart & Kinnie, 2014)

- **Interwoven networking:** “Collaboration of several firms to produce a particular network level output.” e.g. film production, consulting, construction of a bridge/ apartment complex/ mall, etc.
 - Relational tensions include, “Agreement of outputs, collaboration, decision regarding the ‘best’ professional solution and the most cost-effective solution, organizational commitment, access to scarce resources, trust, keeping employment costs down, etc.”

Then, we have interwoven networking, which is collaboration of several firms, to produce a particular network level output. For example, film production. I do not know, how many of you, are in the film industry. But, I would really like to see, how a film is made. I would like to study, the team effort involved, in the production of a film. So, if anybody from the film industry is listening, please get in touch with me. And, we can, maybe, write a case study together regarding, how HR practices are managed, in something, as complex as, film production.

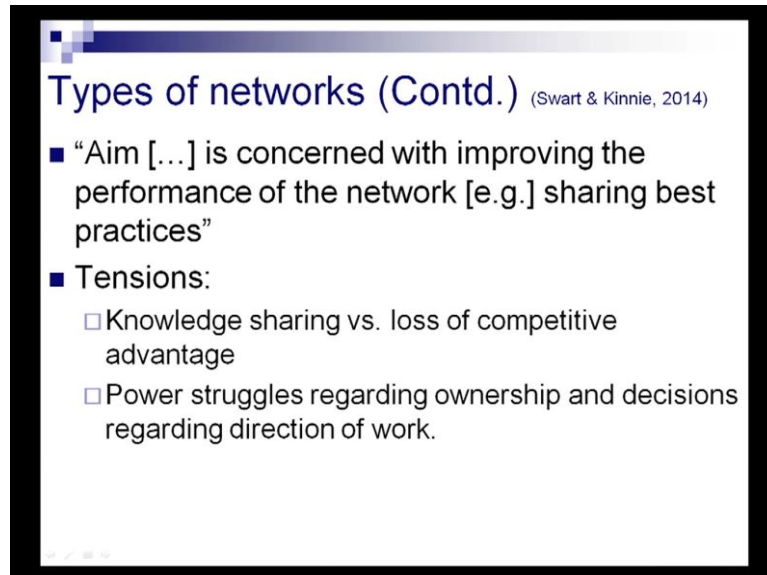
You know, it seems like, an amazing area to study. I am sure, many people have studied, many people are still studying, Bollywood. I would also be interested. And, or, any other local film industry, if you are interested, I would like to know, anyway. So, consulting. We

need to draw information, from different resources. Construction of a bridge, or apartment complex, or mall, etcetera. So, all of these are, you know, they are interwoven networking.

We are constantly in, each other's lives. We are constantly drawing, from each other's resources. We are constantly building on, whatever the other has. Everybody is more or less, equally involved in the process. The relational tensions include, in this kind of a networking situation, some tensions that are, there are agreement of outputs. Who decides, what is enough. What should be done. Collaboration decision, regarding the best professional solution, to a problem.

And, the most cost-effective solution, everybody has stakes in it. So, organizational commitment, access to scarce resources, trust, keeping employment costs down, etcetera. You know, I mean, a large number of infrastructure projects, are coming up in India. And, I would be interested in partnering, with anyone out there, who is listening to this, who is involved in these projects, to see, how these complex interwoven relationships, pan out. And, how HR is studied, strategically. So, feel free, to get in touch, with me.

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Types of networks (Contd.) (Swart & Kinnie, 2014)

- “Aim [...] is concerned with improving the performance of the network [e.g.] sharing best practices”
- Tensions:
 - Knowledge sharing vs. loss of competitive advantage
 - Power struggles regarding ownership and decisions regarding direction of work.

Then, you know, the aim in interwoven networking, is concerned with, improvement of the performance of the network. For example, sharing best practices. So, in this, it is very important to, share best practices, in an interwoven network. The tensions here are, the knowledge sharing, versus, loss of competitive advantage. And, power struggles regarding ownership, and decisions regarding direction of work.

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HRM Models in a networked context
(Swart & Kinnie, 2014)

- Models discuss "...how HRM practices are used to manage networked tensions identified earlier"
- Models:
 - Buffering the network
 - Borrowing from the network
 - Balancing the network

These models discussed, the following models, discuss. Now, we will move on to the models, we have talked about, different types of networking. Now, we will talk about some models, that discuss, how HRM practices are used, to manage networked tensions, identified earlier. Now, the three models, that we will talk about are, buffering the network, borrowing from the network, and balancing the network. And, i gave you some characteristics, earlier.

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**Buffering the network: Human Capital Agility
(Flexible resourcing model)** (Swart & Kinnie, 2014)

- "HRM practices exist at the level of the firm.
- "Firms [...] retain flexibility to respond to changing network demands while anchoring knowledge and specialist skills within the organizational boundaries"
- "Achieved by linking HRM systems to organizational values, which illustrates awareness of the intensity of the opportunities to join a collaborator or a client in a cross-boundary setting"
- "Relationships are described as the most important criteria for staff allocation to teams"
- Focus on "...development of a broad range of skills"
- "Performance management & reward systems are linked with cultural and strategic objectives that strengthen commitment to the organization"

Buffering the network. This network, or, this kind of model, is also known as, flexible resourcing model. Flexible resourcing model refers to, a model in which, the HRM practices exist, at the level of the firm. And, the firms retain flexibility to respond, to changing network demands, while anchoring knowledge and specialist skills, within the organizational boundary. So, we are essentially talking about, the interactive networking, here

And, it is achieved by linking, HRM systems to organizational values, which illustrates awareness of the intensity of opportunities, to join a collaborator, or a client in a cross boundary setting. The individuals decide, they need to be aware, that some kind of an opportunity, exists. And, they need to reach out. And, they need to be able to grab, those opportunities. The relationships are described, as the most important criteria, for staff allocation to teams, here. And, the focus is on, the development of a broad range of skills.

Individuals, develop the skills, and they go out, and they get the job, done. The performance management and reward systems, are linked with cultural and strategic objectives, that strengthen the commitment to the organization. So, flexible resourcing. Different people at the individual level, have different skills, that they contribute, to the overall setting of the organization, and to what the organization is committed, to doing for a client or series of clients.

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Borrowing from the network: Leveraging complementarity (Swart & Kinnie, 2014)

- "HRM practices exist at the level of the firm with some practices, such as resourcing, emergent at the level of the network"
- "Focus on the development of complementary skills, which will benefit the network while leveraging the learning to benefit the individual & the firm."
- Complex internal resourcing process due to continuous "tensions between pursuing a deep expertise approach which involves keeping project teams together over long periods, & providing employees with new opportunities for challenging work."
- "Development is focused on deepening professional skills that enable future business winning."
- "High degree of involvement [of employees] in networked activities."
- Sustenance of network depends upon "relationship building & opportunities for involvement"

Borrowing from the network. This is the second model. And, the primary focus here is on, leveraging complementarity. So, you do not share your skills, you borrow from each other.

So, you need to get a job done. You are in charge. You take the skill, from somebody else. The HRM practices exist, at the level of the firm, with some practices, such as resourcing, emergent at the level of the network. In the previous model, you contribute to the network.

The network decides, what needs to be done, and pulls from a pool of resources, in different firms. Here, is at the firm level. The firm level has decided, what it wants to do. And, it takes, whatever it needs from the network, just pulls in from the network. Focus is on the development of complementary skills, which will benefit the network. While leveraging, the learning, to benefit the individual and the firms. So, you take from the network. And then, you try and build those capabilities, within your own firm.

This complex internal resourcing process, due to continuous tensions between, pursuing a deep expertise approach, which involves keeping project teams together, over long periods, where people feel uncomfortable. They feel, that they have reached a stagnation point. And, providing employees with new opportunities, for challenging work. These are long-term projects. And, people feel, that they have been, they are doing repetitive tasks. And, they feel uncomfortable.

So, to enhance the challenge, you give them more opportunities, for more challenging work, in the future. The development is focused on, deepening professional skills, that enable future business winning. So, you enhance your skills, you enhance the capability of your firm, and pull in from the network, as and when required. There is a high degree of involvement of employees, in network activities.

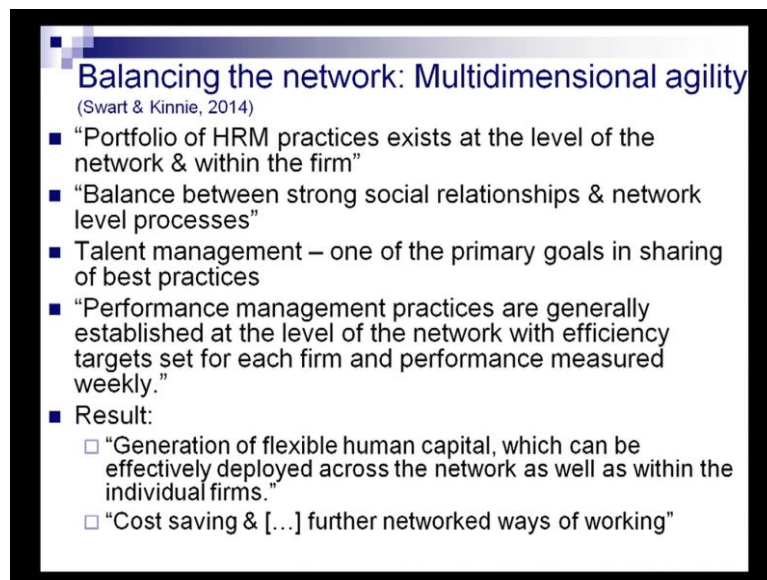
And, you are essentially looking at, how the employees are drawing, from the network. So, they are highly involved, within the network. But, they are doing, what they need to do, and they are drawing from the pool of resources, of the network. The sustenance of network depends on, relationship building, and opportunities for involvement. We are substituting. We are not, you know, we are not waiting for opportunities, to come to us. We are sitting in the firm.

We are doing, what we are doing. And, we contact the concerned people in the network, whenever we need to. And then, they come and help us. And so, the focus here is on, relationship building. We need to have, those relationships. We need to have, those contacts.

We need to have, that network in place. And, for the network, to survive. A network will only live, if there is constant inflow of, give and take.

If you are part of a network. But, nobody in the network, calls upon you, for your skills set. You will not want to be part of that network, anymore. So, there has to be a regular need, for the specific skills, that you have. So, you respect each other, specific skill sets, and expand your own base. But, you do not infringe, on the expertise of another. And, that is with the way, to keep the network going.

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Balancing the network: Multidimensional agility
(Swart & Kinnie, 2014)

- “Portfolio of HRM practices exists at the level of the network & within the firm”
- “Balance between strong social relationships & network level processes”
- Talent management – one of the primary goals in sharing of best practices
- “Performance management practices are generally established at the level of the network with efficiency targets set for each firm and performance measured weekly.”
- Result:
 - “Generation of flexible human capital, which can be effectively deployed across the network as well as within the individual firms.”
 - “Cost saving & [...] further networked ways of working”

Balancing the network. Multi-dimensional agility. And, this is about, the portfolio HRM practices, that exists at the level of the network, and within the firm. So, you try and balance between, the strong social relationships, and the network level process. The one of the primary goals here, in sharing best practices, is talent management. Performance management practices, are generally established, at the level of the network, with efficiency target set for each firm, and performance is measured, weekly.

So, the network actually, acts as a unit. The firms have their, own individual identity. They have their own, individual capabilities. But, they also function together, at the level of the network. And, at the level of the network, they are encouraged to keep developing, their

professional skills. And, the performance is measured and evaluated, and given feedback to, at the level of the network, and not at the level of the firm.

The result of this is, there is generation of flexible human capital, which can be effectively deployed across the network, as well as, within individual firms. You develop together, as a network. You can share this, with others, in other industries. In other, so, it is like this big massive pool of resources, that is generated within the network. Let us take, the example of this particular network, the NPTEL network. We are, i mean, it is not a complementary thing. This is a network of professionals, within the IIT system.

Maybe, we will extend, I do not know. You know, it could, very well be, that this sort of, you know, expands into a situation where, different people in different universities, come and start contributing to this network, while retaining their individual identities. So, that relationship is also very strong. And, we grow as a network, as one unit. It leads to cost saving. And, further networked ways of working. And, this is really the vision, for the future, as far as, networked organizations are concerned.

That is all, I have for you, in this lecture, today. And, we will continue with, some more strategic HRM, in the next class. So, thank you very much, for listening.