

**Integrating Relational Perspectives into Strategic Human
Resource Management: Three Papers on Strategic Relational
Human Resource Management**

by

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Abstract

This thesis highlights the importance of integrating a relational perspective into strategic human resource management (HRM) and investigates how to make this integration in three studies. Chapter 1 first provides a review of the extant strategic HRM studies with a relationship-related focus. The review shows that our knowledge is limited in understanding the potential for HRM systems to directly influence individuals' relational attitudes and behaviours. To address this void, this chapter develops a theoretical model of strategic HRM systems—strategic relational HRM—an interrelated set of HR practices that intends to help employees build and maintain workplace relationships. Theoretically, the model of strategic relational HRM emphasizes the role of individuals' relational competencies in facilitating the emergence of human and social capital at the unit-level, which further contribute to firm performance.

Chapter 2 explores how strategic HRM can enable new ventures to satisfy their simultaneous strategic needs of survival and growth through an inductive approach. Drawing on 51 semi-structured interviews conducted in two young hospitals in China, this study finds that young organizations relied on relationship-oriented collaboration to achieve their strategy through

the implementation of a multilevel model of HRM systems. Specifically, at the macro-level, they used cross-organizational partnership to share human resources and develop their own employees. At the meso-level, these organizations cultivated collaborative cultures and designed HR policies targeting a promotion of relationship-building within firms. At the micro-level, they highlighted relational capabilities of individual employees, in addition to their technical skills.

Having established the importance of relational attributes in the first two chapters, Chapter 3 develops a measure of strategic relational HRM following a rigorous procedure of measure development. This study underscores the importance of employees' relational competencies as the micro-foundation of human capital and argues that strategic relational HRM can lead to superior firm performance through enhanced relational skills of individuals. Drawing from four samples from North America and Asia, this study tested content validity, internal consistency reliability, convergent, discriminant, criterion-related and incremental validity of a new strategic relational HRM measure. Evidence of the present study supports the use of strategic relational HRM measure in future research.

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INTRODUCTION CHAPTER

The present thesis recognizes the important role of workplace interpersonal relationships in the design and implementation of strategic human resource management (HRM). A majority of organizations are experiencing the ever-changing business environment, the increasing demand of work interdependence, and the transition to a knowledge-intensive and information-based economy. These characteristics have made the competitive advantage, obtained from the classic set of knowledge, skills, and abilities of our employees to perform their work, no longer sufficient (Gittell, Harris, Methot, & Soltis, 2020).

At the core of strategic HRM, one of the principles that scholars uphold is that an organization's performance is influenced by the way how their employees are managed. An effective way of people management includes not only the management of employees' behaviours but that of their workplace interpersonal relationships. However, such relationships are often quite complex and have become even more. For instance, the dramatically increased use of online interaction platforms in task completion after the outbreak of the COVID-19 has put our employees in webs of virtual relationships in addition to traditional face-to-face relationships. As Hollenbeck and Jamieson (2015, p. 370) spotlighted, "many of the phenomena and outcomes related to human capital, such as recruiting and onboarding, teamwork and communication, knowledge management, and employee satisfaction are ... dependent on social capital and the relational networks that exist among employees." Therefore, how organizations manage constellations of workplace interpersonal relationships of their employees has become a core competency (Gittell et al., 2020). However, the existing strategic HRM studies tend to overlook the important role of workplace interpersonal relationships as a critical part of people management.

A recent invitation from Gittell and colleagues (2020) has spotlighted this valuable but less researched area of study in the strategic HRM literature. They encouraged scholars to explore and deepen our understanding of the relational perspective on strategic HRM that based on relational coordination, social capital and network theories (Gittell et al., 2020).

The extant research on strategic HRM is not without influential studies which have attempted to connect relationship-related concepts to the impact of HRM systems. For example, Collins and Clark (2003) investigated how the use of network-building HR practices can systematically develop and sustain social networks of top management teams for the information needed to make high-quality decisions. Evans and Davis (2005) argued that high-performance work systems (HPWS), one of the most well-researched types of strategic HRM systems, improve firm financial efficiency and flexibility through enhanced internal social structure, which includes both relationships and the behaviours associated with relationships. Gittell, Seidner and Wimbush (2010) found how HPWS can be used to strengthen patterns of relational coordination across professionals in hospitals, resulting in higher quality and greater efficiency in healthcare delivery. These seminal studies have shown the potential of HRM systems to modify both the nature of employee interactions and the valence of their relationships (Methot, Rosado-Solomon, & Allen, 2018).

A recent review shows that growing empirical evidence has demonstrated the role of HRM in creating and sustaining high-quality workplace interpersonal relationships which further contribute to the performance of organizations, teams, and individuals (Bannya, Bainbridge, & Chan-Serafin, 2022). However, when research adopted relational views, most studies focused on the role and impact of single HR practices rather than that of HRM systems (Bannya et al., 2022). In addition, the sprinkled strategic HRM studies that employed a relational view tend to overlook

the essential impact of individual attributes when they design their focal HRM systems, which I argue, locates the solutions to an effective management of diverse workplace interpersonal relationships of employees.

The behavioral perspective on strategic HRM emphasizes the importance of shaping employees' behaviours in facilitating the achievement of firm strategic imperatives (Schuler & Jackson, 1987). Inspired by this, I propose that an integration of the relational approach to strategic HRM can pave an effective way of helping firm achieve strategic goals. Specifically, I conceptualized and developed a new set of important HR practices—Strategic Relational HRM systems—to enable such integration. **Strategic Relational HRM can be defined as a cohesive bundle or set of HR practices that aims at helping employees build and maintain workplace interpersonal relationships through a systematic development of their relationship-building knowledge, skills, and abilities (i.e., relational KSAs).** Relational KSAs reflect individuals' attributes of knowing what to do when they attempt to build and maintain various types of workplace interpersonal relationships for efficient task completion or superior work performance. I argue that this particular type of KSAs will function as the micro-foundation of employees' workplace interpersonal relationship building and maintenance.

Although existing HRM systems may generate some potential to impact the skills and commitment of employees to develop relationships (e.g., Gittell et al., 2010), few have yet explicitly spotlighted this potential as a primary emphasis of HRM systems. Indeed, I argue that HRM systems can be redesigned to encourage employees to develop relationships regardless of the differences created by factors such as the professional boundaries and the positions in an organization. Strategic Relational HRM systems can enable employees to work effectively and collaboratively through successful relationship building and maintenance. The underlying

mechanism of how Strategic Relational HRM functions is, as Evans and Davis (2005) suggested, to provide each employee with the foundational competencies to build and maintain interpersonal relationships in the workplace. Accordingly, such HRM systems enable employees to become self-sustained and autonomous in developing the relationships needed to achieve superior job performance.

The present dissertation elaborates on the path I went through to explore, conceptualize, and develop the new Strategic Relational HRM systems. In three interrelated studies, I adopted both qualitative and quantitative methodologies to explore and investigate how contemporary organizations can benefit from an integration of relational perspectives into their HRM systems. Specifically, the first chapter builds the theoretical foundation for the following two chapters. It provides a comprehensive review of the extant strategic HRM literature with a relationship-related focus and identifies the main features of this literature. I then conceptualized the Strategic Relational HRM based on the research gaps revealed in the literature review. The first chapter also offers a theoretical model of Strategic Relational HRM to elaborate the process of how Strategic Relational HRM systems can influence organizational performance.

The second chapter is an inductive qualitative study which explores a specific type of organizations—new ventures—to understand the HRM frameworks adopted by these firms when they face simultaneous strategic goals of survival and growth. The findings show the important role of relationships in the HRM models of new ventures in achieving their strategic goals. The exploratory nature and findings of the second chapter inspire me to investigate the role of relationships in strategic HRM. The first two chapters work collaboratively to introduce and elaborate the important role of relationship in managing human resources theoretically and practically.

Following the findings of the first two chapters, the third chapter of the present thesis focuses on developing a measure of Strategic Relational HRM systems. The third chapter used four samples from both North America and Asia to test content validity, internal consistency reliability, convergent, discriminant, criterion-related and incremental validity of the new strategic relational HRM measure. The findings support the use of the newly developed Strategic Relational HRM measure in future research.

The conceptualization and development of Strategic Relational HRM responds to imperative needs of organizations where collaboration and coordination is critical to firm success and development. For instance, when healthcare institutions implement Strategic Relational HRM systems, members of interprofessional teams can contribute to the shared strategic goals of delivering effective and high-quality healthcare service by engaging in collaborative behaviours across professional and knowledge boundaries. In this process, each member's competencies to build and maintain relationships with other key stakeholders such as their team members and patients become critical to the overall effectiveness and quality of care provision. The adoption of Strategic Relational HRM systems will ensure and energize members of interprofessional teams to obtain and utilize the relational KSAs for effective relationship-building.

In sum, the three chapters included in the present thesis explore and examine how workplace interpersonal relationships can play a critical role in strategically managing human resources. The thesis also provides a reliable and valid measure of strategic relational HRM systems with scholars and practitioners who share a same view of emphasizing and promoting an integration of relational perspectives into strategic HRM for superior and sustainable organizational performance.

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CHAPTER 1

TO COMPLETE THE PICTURE: INTEGRATING A RELATIONAL PERSPECTIVE TO STRATEGIC HUMAN RESOURCE MANAGEMENT

ABSTRACT

The importance of workplace interpersonal relationships has been revealed in the changing strategic needs of organizations. Previous research on strategic human resource management (HRM) has attempted to understand and address these needs but leaves two major problems unsolved. How do we incorporate a relational view into the design of strategic HRM systems? How does a relational HRM system function to enhance firm performance? This chapter addresses these two questions in two steps. First, I provide a thorough review of the extant strategic HRM studies with a relationship-related focus. The review shows two features of the existing studies: they either conceptualized relationships as the mechanisms that link HRM systems and performance outcomes, or adopted a contingency approach to designing their HRM systems. In the second section, I develop a theoretical model of strategic HRM systems—strategic relational HRM—a cohesive system of HR practices that help employees build and maintain relationships for task completion. Theoretical and practical implications are discussed.

Keywords: Strategic human resource management, human capital, social capital, social network, social relationship, firm performance.

1. INTRODUCTION

Strategic human resource management (hereafter, strategic HRM) is defined as “the study of HRM systems (and/or subsystems) and their interrelationships with other elements comprising an organizational system, including the organization’s external and internal environments, the multiple players who enact HR systems, and the multiple stakeholders who evaluate the organization’s effectiveness and determine its long-term survival” (Jackson, Schuler, & Jiang, 2014, p. 2). The field has gained an increasing amount of attention from both scholars and practitioners (Jiang & Messersmith, 2018) with a remarkable growth of studies over the past three decades (Jackson et al., 2014). However, critiques have emerged recently as the field has remained stagnant or obsolete by still “addressing the twentieth-century concerns” (Wright, Nyberg, & Ployhart, 2018, p. 142) while organizations are facing more sophisticated HRM challenges resulting from ever-changing business needs (Grant & Parker, 2009; Wright et al., 2018).

Organizations today are required to recognize and respond to complicated internal and external environments (Grant & Parker, 2009; Wright et al., 2018). The knowledge and information-based economies have increased the range and unpredictability of work (Gittell, 2009). As the need for interdependence to complete work increases, it has put employees in more complex webs of interpersonal relationships embedding both opportunities of collaboration and challenges of conflicts. These challenges have highlighted the importance of relationship management to become part of organizational strategy. In addition, social relationships have been argued to be an important organizational resource that add value to firm performance (Adler & Kwon, 2002; Collins & Clark, 2003; Leana & Van Buren, 1999; Nahapiet & Ghoshal, 1998; Soo, Tian, Teo, & Cordery, 2017). Scholars have advocated for the adoption of a relational approach in managing employees to gain benefits such as lower costs, greater creativity and innovation, and improved

flexibility for firms (e.g., Collins & Clark, 2003; Kehoe & Collins, 2017; Leana & Van Buren, 1999; Lengnick-Hall, Lengnick-Hall, Neely, & Bonner, 2021; Methot, Rosado-Solomon, & Allen, 2018; Soltis, Brass, & Lepak, 2018).

A growing emphasis on the strategic importance of interpersonal relationships in the workplace has evoked calls for integrating a relational perspective into strategic HRM (Gittell, Seidner, & Wimbush, 2010; Hollenbeck & Jamieson, 2015; Kaše, King, & Minbaeva, 2013; Lengnick-Hall et al., 2021; Soltis et al., 2018). To date, however, the integration of the two research streams is still limited with only a few studies exploring relevant issues theoretically and/or empirically. This slow progress of integration has potentially eliminated the theoretical and practical development of strategic HRM. Thus, the present chapter addresses the deficiency by offering a thorough review of the extant strategic HRM literature that employs a relational view and then providing a model of strategic HR systems that theoretically integrates the relational perspective into strategic HRM.

This chapter contributes to the extant literature in three ways. First, it provides the first thorough review of what has been done in the integration progress of the relational view and strategic HRM literature. By reviewing both theoretical and empirical strategic HRM research that emphasized the importance of relational concepts, the present chapter elaborates the importance of integrating a relational perspective into strategic HRM. The review shows two features of the extant literature: relational concepts were conceptualized as separate mechanisms that affect the HRM-firm performance relationship; HRM systems were designed for specific purposes such as managing a particular group of employees. Second, this chapter develops a theoretical model of strategic HRM with a relational focus—strategic relational HRM—to address the research gaps in the extant literature. Strategic relational HRM is defined as a cohesive HRM system that aims at

helping employees build and maintain relationships for task completion. The model attends to the need for theorizing an HRM system that fundamentally integrates the relational perspective into strategic HRM which can be implemented in general contexts. Finally, this chapter illustrates the processes and mechanisms through which strategic relational HRM influences firm performance. I also encourage future studies to investigate the impact of strategic relational HRM systems and examine the “black box” that links strategic relational HRM to firm performance.

In the following section, I review previous studies in the strategic HRM literature that employed a relational view, then proceed to a theoretical model that illustrates how strategic HRM with a relational focus contributes to organizational performance. The chapter concludes with implications for research and practice and a discussion of the limitations and future directions.

2. LITERATURE REVIEW

The importance of interpersonal relationships in strategic HRM has been documented in both theoretical and empirical studies. This chapter first provides a review of the extant strategic HRM studies that emphasized relationship-related concepts. The fundamental assumption in strategic HRM indicates that an interrelated set of HR practices can support each other in enhancing the effectiveness of the HRM system because of the synergistic effects created by the combined bundle (Becker & Gerhart, 1996). Thus, it is important to note that the focus of this chapter is on HRM systems or HR bundles rather than individual HR practices.

The strategic HRM studies that employed a relational view were identified by searching online library database, covering journals such as *Academy of Management Journal*, *Academy of Management Review*, *Academy of Management Perspectives*, *Human Resource Management*, *Human Resource Management Review*, *Journal of Management*, *Journal of Applied Psychology*, and *Personnel Psychology*. Keywords such as “strategic HRM”, “HRM system”, “HR bundle”,

“HR practices”, “social capital”, “social network”, “social network analysis”, “social relationship”, “relational view”, and “relational perspective” were used in the search process. Then I read through each article that appeared in the search to determine if the paper met the selection criteria (i.e., the focus of study is on HRM systems and discusses concepts related to social relationships). The literature search concentrates on the papers published since 1992 following the year in which one of the earliest influential definitions of strategic HRM published (Wright & McMahan, 1992). The final list includes 31 studies with nine conceptual papers and 22 empirical articles. Though the list may not be exhaustive, I am confident that these articles are representative for the review purpose of the present chapter. Table 1 summarizes the studies included in this review section.

INSERT TABLE 1 ABOUT HERE

2.1 Theoretical Research

Among the nine theoretical articles, four papers reveal a seminal concept in strategic HRM—HR configurations (i.e., Kang et al., 2007; Lengnick-Hall et al., 2021; Lepak & Snell, 1999; Mossholder, Richardson, & Settoon, 2011). Four types of HR configurations or patterns of HR practices (i.e., commitment, market-based, compliance, and collaborative HR configurations) were developed by Lepak and Snell (1999) for managing different groups of employees based on the value and uniqueness of employee human capital. They indicated that organizations could enact different HR configurations simultaneously to maintain targeted employment relationships (i.e., organization-focused, symbiotic, transactional, and partnership relationships) with different groups of employees. The authors further adapted their framework and found empirical support

for their major premises in their following study (Lepak & Snell, 2002). The focus of their research is on the employment relationship—the relationship between the organization and employees.

Mossholder et al. (2011) focused on three of the four aforementioned HR configurations (i.e., compliance, commitment, and collaborative systems) and proposed that HRM systems elicit inherent relational behaviour—employee helping behaviour (i.e., interpersonal organizational citizenship behaviour). The authors adopted a meso-level approach to illustrate how the three archetypal HRM systems affect the relationships among employees. They also recognized the concept of relational climate as the environment stemming from HRM systems that facilitate interpersonal relationships.

Lengnick-Hall et al. (2021) articulated a multi-level incorporation of social capital and social network factors to the design of strategic HRM models. At the organizational level, the authors augmented the HR configuration framework by redefining the value and uniqueness of human capital in Lepak and Snell (1999). For instance, Lepak and Snell (1999) defined the strategic value of human capital as “the ratio of strategic benefit to customers derived from employee skills relative to the costs incurred” (p. 35). Lengnick-Hall et al. (2021) extended the definition as “the ratio of social capital benefits derived from network position and embeddedness relative to the constraints that are created” (p. 546). At the group level, Lengnick-Hall et al. (2021) extended each of the five themes of effective work group design (i.e., job design, team composition, contextual factors, task interdependence, and process) from Campion, Medsker, and Higgs (1993) by addressing social relational factors such as rapport, personal ties, functional connections, cognitive and attitude similarity, structural flows and barriers, and intricate organizational routines. In a similar vein, the authors enhanced the Job Characteristics Model (Hackman & Oldham, 1976) at the individual level by capturing five core relationship dimensions (i.e., proximity, strong and

weak ties, connectedness, similarity and diversity, norms of reciprocity, and relationship feedback) that are analogous to the five core job dimensions (i.e., skill variety, task identity, task significance, autonomy, and feedback) in Hackman and Oldham's (1976) model.

Kang and colleagues (2007) introduced two relational archetypes—entrepreneurial and cooperative archetypes—characterized by nonredundant network patterns with weak ties among employees and a dense social network with strong ties respectively. These archetypes were derived from structural, affective, and cognitive dimensions of social relations within and across firm boundaries (Kang et al., 2007). The authors further argued that “the three design elements of the HR architecture (i.e., human capital, employment mode, and employment relationship) are theoretically parallel to the three dimensions (i.e., cognitive, structural, and affective dimensions) of social relations” (p. 244). Kang et al. (2007), then, extended HR configurations by suggesting that certain HR bundles can be strategically implemented to support relational archetypes in both internal and external relationships of core employees. For example, interdependent work structures, clan-fostering initiative, and broader skill development can be used in cooperative HR configurations to support cooperative archetypes (Kang et al., 2007).

Hollenbeck and Jamieson (2015) emphasized how social network analysis can be potentially applied to the: (1) acquisition and preparation, (2) assessment and development, and (3) compensation and retention of human capital. Also adopting the social network perspective, Soltis et al. (2018) provided specific guidance for how to add social network analysis to the research and practice of strategic HRM. The authors nudge HRM studies toward social resource management. In addition, Methot et al. (2018) presented a relational identity view of HRM by illustrating how network-modifying HR practices influence individuals' relational identities through modifications of their informal networks. The authors underscored the interplay between

HR practices and informal relationships; they also shifted attention to the role of individuals by investigating how modifications to network composition, configuration, and content stimulated by HR practices impact the ways that individuals conceptualize and define their roles in relation to their dyadic and collective relationships.

Saks (2022) focused on the relationship between organization and employees and highlighted why a caring HRM system—a bundle of caring HRM practices that “are designed and implemented to help employees achieve their needs and promote employee growth, health, and well-being” (p. 2)—theoretically influences employee engagement. The caring HRM system consists of caring HRM practices such as job design, flexible work arrangements, work-life balance programs, and health and safety programs. By showing organizations’ care and concern for employees’ well-being and health, a caring HRM system can lead to a climate of care and concern for employees which links HRM systems to employee engagement (Saks, 2022).

The last conceptual paper from Evans and Davis (2005) is among the first to highlight the attention to relationships in strategic HRM. The authors argued that high-performance work systems (HPWS) “not only enhance the knowledge, skills, and abilities (KSAs) of the human capital pool but also change the nature of employee relationships” (p. 762). They further proposed that HPWS influence organizational financial efficiency and flexibility through a positive impact on the internal social structure of the organization. Specifically, HPWS enhance the development of bridging ties, generalized norms of reciprocity, shared mental models, role making, and organizational citizenship behaviour (Evans & Davis, 2005, p. 758). Although they adopted the HPWS approach, the specific practices included in their HRM system emphasized a relational perspective. For example, the assessment of and training for both technical and interpersonal skills are included in the staffing and training practices in HPWS.

2.2 Empirical Research

Similar to Evans and Davis (2005), in empirical examinations, scholars often measure relationship-related HR concepts in broad-based strategic HRM systems by adding certain items to the scale. Among the empirical papers included in this review, four of them adopted HPWS measurements (i.e., Chuang & Liao, 2010; Gittell et al., 2010; Sun, Aryee, & Law, 2007; Takeuchi, Chen, & Lepak, 2009). Takeuchi et al. (2009) focused on the organization-employee relationship. In a sample of 76 Japanese establishments, they found that HPWS were positively related to employee job satisfaction and affective commitment; and organizations' concern for employee climate mediated these relationships. Chuang and Liao (2010) expanded the relationship-related concepts to both employee and customer domains. In a sample of 133 service stores in Taiwan, Chuang and Liao (2010) found HPWS were positively related to two types of strategically targeted organizational climate—concern for customers and concern for employees, which further promoted employees' cooperative behaviour with customers (service performance) and coworkers (helping behaviour). Both Takeuchi et al. (2009) and Chuang and Liao (2010) found that HPWS influenced employee attitudes or organizational performance by facilitating certain relationship-related organizational climate. It is worth noting that when measuring HPWS, Chuang and Liao (2010) included several items that emphasized organization-employee relationships (e.g., “the store cares about work-life balance of employees”) in their scale.

Sun et al. (2007) adopted a relational view of employment relationship and suggested that as HPWS signal a long-term investment in employees, employees are more likely to reciprocate the organization's investment with extra-role behaviours that benefit the organization. In a sample of 86 hotels in China, they found that HPWS affected employees' service-oriented helping

behaviour, which further influenced organizational outcomes (productivity and turnover). Gittell et al. (2010) argued that “formal work practices can be redesigned to foster employee-employee relationships” (p. 492). In a healthcare setting, Gittell and colleagues (2010) examined the positive impact of cross-functional HR practices of HPWS on organizational performance through a mechanism of relational coordination among doctors, nurses, physical therapists, social workers, and case managers.

In addition to HPWS, several studies measured a commitment-based HR system and attempted to incorporate relationship-related concepts. For example, Collins and Smith (2006) tested the positive impact of commitment-based HR systems on organizational social climates of trust, cooperation, and shared codes and language in 136 technology companies. They found social climate mediated the relationship between a commitment-based HR system and the exchange and combination of ideas and knowledge among employees, which further related to firm sales growth and revenue from new products and services. In their conceptualization of commitment-based HR system, they included relationship-focused HR practices such as “we sponsor company social events for employees to get to know one another” (Collins & Smith, 2006). In a similar vein, Zhou, Hong, and Liu (2013) argued that a commitment-oriented HRM system enhanced firm innovation by creating a cohesive internal environment, and collaboration-oriented HRM systems exacerbated this impact by enhancing quality relationships with firm external stakeholders. They relied on Lepak and Snell’s (1999) framework of “alliance employment mode,” “partnership employment relationship,” and “collaborative HR configuration” to define a collaboration-oriented HRM system with a focus on the “utilization of external human capital for internal innovation. In a sample of 179 Chinese firms, they found positive effects of both commitment-oriented and collaboration-oriented HRM systems on firm innovation.

The other stream of empirical studies included in this review, rather than relying on the measurement of broad-based HR systems, developed targeted HRM systems for certain strategic purposes of organizations. For example, Kehoe and Collins (2017) compared a targeted relationship-oriented HR system with a broad-based high-commitment HR system in knowledge-intensive organizations. A relationship-oriented HR system, defined as a bundle of HR practices that supports employees in “building relationships with other individuals within and outside the organization” (Kehoe & Collins, 2017, p. 1222), is designed to elicit specific employee attributes. They found that the two systems not only had different impacts on unit performance, but the relationship-oriented HR system provided a complementary support to unit performance through facilitating the benefits of interpersonal relationships in knowledge sharing.

In a similar vein, Chuang, Jackson, and Jiang (2016) developed the HRM systems for knowledge-intensive teamwork and investigated the impact of this type of HRM systems on external team knowledge acquisition and internal team knowledge sharing. In a sample of 162 R&D teams, the authors found a positive association between these HR systems and team knowledge acquisition and team knowledge sharing. Based on a national sample of 527 U.S. firms, Perry-Smith and Blum (2000) found a positive association between HR bundles of work-family policy and perceived firm performance.

Two other studies, Collins and Clark (2003) and Lin and Shih (2008) focused on the role of HRM systems on a particular type of human capital in organizations—top management teams, “a group of senior managers that generally makes decisions that are important to the firm’s future” (Simsek, Veiga, Lubatkin, & Dino, 2005, p. 74). Specifically, Collins and Clark (2003) proposed a network-building HR bundle that included “training, performance assessment, and rewards designed to help and encourage top managers to build relationships with internal and external

actors” (p. 743–744). Using 73 high-technology firms as a sample, they found that the relationships between HRM systems and firm performance (sales growth and stock growth) were mediated by top managers’ social networks. Lin and Shih (2008) developed a teamwork-oriented executive SHRM system to support the social integration (i.e., the degree of psychological attachments among team members) of top managers for improved organizational performance.

In addition, Kim, Su, and Wright (2018) focused on a particular type of relationship—HR and line managers—and developed HR-line-connecting HRM systems which were designed to help HR managers develop social networks with line managers for the formation of a shared language which further reduced their turnover. Cooper and colleagues found that well-being-oriented HRM practices, a bundle of HRM practices targeting employee well-being enhancement, promote employee resilience and their further performance through creating the social climate of trust, cooperation, and shared codes and language (Cooper, Wang, Bartram, & Cooke, 2019).

Youndt and Snell (2004) and Soo et al. (2017) distinguished the roles of different HR configurations in formulating human and social capital. Specifically, Youndt and Snell (2004) proposed that the adoption of egalitarian (elimination of power distances between employees) and collaborative (development of collaborations and teamwork) HR configurations eliminate the vertical and horizontal barriers to knowledge exchange respectively. Based on the framework of Youndt and Snell (2004), Soo et al. (2017) used a sample of 116 firms in Australia and investigated how social-capital-enhancing HR (egalitarian and collaborative HR) influenced firms’ absorptive capacity in knowledge transfer processes. Their study found the use of egalitarian HR practices had a significant effect on absorptive capacity, but no significant effect was found for the collaborative HR practices.

Another stream of research focused on a particular culturally-specific concept in the Chinese context, *guanxi*, which describes the informal, personal relationships that “arise from human feelings (*renqing*), sentiment (*ganqing*), reciprocity (*bao*), and face (*mianzi*)” (Yang, Huang, Tang, Yang, & Wu, 2021, p. 2493). Chen, Chen, and Xin (2004) developed *guanxi* HRM to examine the degree to which HRM decisions, including recruitment, task allocation, performance appraisal, promotion and compensation, are affected by personal relationships. Chen and colleagues found that *guanxi* HRM was negatively related to employee trust in management. This relationship was mediated by perceived procedural justice. Several studies (Chen, Friedman, Yu, & Sun, 2011; Ren & Chadee, 2017; Yang, 2014; Yang et al., 2021; Yang et al., 2018; Zhang, Long, Wu, & Huang, 2015) offered empirical evidence to show how *guanxi* HRM influenced employee attitudes and behaviours such as work engagement, emotional exhaustion, and job performance.

2.3 Two Features of Extant Research

Existing research on strategic HRM with a relational focus reveals two features based on the literature review. First, one stream of studies conceptualized relationship-oriented concepts as various social mechanisms that connect HRM systems and organizational or employee outcomes (Methot et al., 2018). The types of social mechanisms used in the literature are diverse including internal social structure (Evans & Davis, 2005), relational coordination (Gittell et al., 2010), social networks (Collins & Clark, 2003; Kim et al., 2018), and social climates (Collins & Smith, 2006; Cooper et al., 2019; Chuang & Liao, 2010; Mossholder et al., 2011; Takeuchi et al., 2009; Zhou et al., 2013).

Second, another stream of studies adopted the contingency approach and advocated for the adoption of strategically targeted HRM systems that focused on particular groups of employees, specific types of relationship, or operation in special contexts. Compared with broader strategic HRM systems such as HPWS and commitment-based HR systems, targeted HRM systems emphasize a dominant focus for particular strategic purposes (Boon, Den Hartog, & Lepak, 2019). For instance, Kehoe and Collins' (2017) compared a relationship-oriented HR system with the high-commitment HR system and found that the two systems provide alternative and complementary paths for enhancing the unit performance of knowledge-intensive work. Specifically, the broad-based high-commitment HR system facilitates performance through organizational commitment, general and firm-specific human capital, while the relationship-oriented HR system enhances performance via more targeted support for units' access to knowledge based on interpersonal exchange. Because of the strategic target for supporting knowledge sharing, the practices included in Kehoe and Collins' (2017) measure of the relationship-oriented HR system emphasized interpersonal exchange of knowledge and information (e.g., "we regularly hold unit-wide meetings to share information about progress with the project").

Furthermore, the extant research shows multitudinous foci of targeted HRM systems. For example, Chuang et al. (2016) focused on knowledge processes and activities to develop strategically targeted HRM systems for knowledge-intensive teamwork context. In addition, Collins and Clark (2003) and Lin and Shih (2008) focused on how to manage top management teams in the design of their targeted HRM systems.

The strategic foci of HRM systems also varied based on the focal types of relationship in each study. For example, the HR-line-connecting HRM system in Kim et al. (2018) focused on the

HR-line manager relationship. The focus of organization-employee relationship can be found in the work-family policy bundles (Perry-Smith & Blum, 2000), and caring HRM (Saks, 2022). In addition, the aforementioned network-building HR bundle targets the relationship between top management teams and the actors within and outside of firms (Collins & Clark, 2003).

The two dimensions of extant research—conceptualizing relationship-related concepts as social mechanisms that link HRM systems and firm performance or taking a contingency approach to developing targeted HRM systems—are not mutually exclusive. In fact, several studies delineate the two features simultaneously in their frameworks. For example, Kang and colleagues (2007) conceptualized the social mechanism linking HRM systems and firm performance as two relational archetypes of core employees—entrepreneurial and cooperative archetypes—characterized by different network patterns and the nature of ties. They suggested that HR bundles targeted toward managing knowledge flows can be strategically implemented to support these two relational archetypes of core employees, which, in turn, facilitate organizational learning.

Despite the richness of literatures in both streams, two noteworthy problems remain unsolved. First, when relationships are considered as social mechanisms, research conceptualizes relationships as “pathways for the transmissions of resources” (Methot et al., 2018, p. 723) and this perspective “does not sufficiently capture the meaningfulness and complexity of the interplay among HR practices and organizational network dynamics” (Methot et al., 2018, p. 738). It offers a relational view of strategic HRM rather than an integration of the relational perspective into strategic HRM for competitive advantage. In other words, extant research has mainly emphasized the concept of relationship itself but overlooked the function of relationship-building. A concentration of organizational level analysis in strategic HRM also neglects the multilevel mechanisms, especially the micro-foundation through which HR practices impact organizational

performance. For example, Youndt and Snell (2004) and Soo et al. (2017) have explored the potential micro-foundation that mediate the relationship between HR configurations and performance from human or social capital perspectives. Moreover, if the search for micro-level mechanisms remains separate from strategic HRM (i.e., strategic HRM maintains a focus on human capital while “social resource management” re-orientes the attention to managing social capital, see Soltis et al., 2018), we overlook the synergies created by the combination of human and social capital. Thus, to advance the field of strategic HRM, a fundamental integration of a relational perspective into the field is needed (Lengnick-Hall et al., 2021).

Second, the contingency approach to strategic HRM, although it helps with our deep understanding of certain specific organizational phenomena, has limited generalizability across all contexts (Youndt, Snell, Dean, & Lepak, 1996). As the levels of complexity and uncertainty continue increasing in individual tasks, organizational structures, and business environments (e.g., the influence of the COVID-19 pandemic on business operations), the universal approach that is more generalizable across contexts may be more beneficial to provide practical guidance for diverse organizations.

Recent conceptual papers provide potential solutions to these two critical problems by focusing on the role of individual attributes or incorporating relational factors into HRM frameworks. For example, Methot and colleagues (2018) presented a relational identity view of HRM by illustrating how network-modifying HR practices influence individuals’ relational identities through modifications of their informal networks. The authors underscored the interplay between HR practices and informal relationships; they also shifted attention to the role of individuals by investigating how modifications to network composition, configuration, and content stimulated by HR practices impact the ways that individuals conceptualize and define their roles

in relation to their dyadic and collective relationships. In addition, Lengnick-Hall et al. (2021) articulated for an explicit incorporation of social capital and social network factors into multi-level strategic HRM frameworks. Both Methot et al. (2018) and Lengnick-Hall et al. (2021) attempted to understand HRM through the lens of relationships and paid attention to generalizability of their frameworks.

Although previous research enriches our understanding of the impact of HRM systems on firm performance through a relational view of diverse foci, it is still not clear how HRM systems directly influence individuals to enable them to exploit the benefits of social relationships for improved performance. The diversity of relational foci in past studies has recognized the complexity of relationships in the workplace. Conceptualizing relationships as separate social mechanisms that connect HRM systems to firm performance or focusing on particular types of relationships have largely hindered our understanding of the potential for HRM systems to influence individuals' relational attitudes and behaviours.

To address this deficiency, the following section develops a theoretical model that incorporates the relational perspective into strategic HRM, which I refer to as strategic relational HRM. I also explain how this HRM system functions and generates its impact on organizational performance.

3. A THEORETICAL FRAMEWORK FOR STRATEGIC RELATIONAL HRM

Scholars have argued that through appropriate HRM systems, organizations can influence the actions of individual employees to build human and social capital as a potential source of competitive advantage at the organizational level (e.g., Collins & Smith, 2006; Evans & Davis, 2005). As the effects of HRM systems are frequently described as occurring through individual-

level variables, researchers have suggested a need to better understand the influence of HRM systems on individual attributes (Becker & Huselid, 2006; Mossholder et al., 2011).

Recent research has also highlighted the move from a single-level to a multilevel perspective which has profound implications for theory and analysis of HRM studies (Peccei & Van De Voorde, 2019). In response to growing calls for more multilevel theory and research in strategic HRM (Jiang, Takeuchi, & Lepak, 2013; Lengnick-Hall, Lengnick-Hall, Andrade, & Drake, 2009; Lepak, Jiang, Han, Castellano, & Hu, 2012), this chapter adopts a multilevel view in developing the theoretical model of strategic relational HRM. Specifically, the present chapter highlights how strategic relational HRM impact firm performance through unit-level human and social capital which emerge from individual-level attributes.

This chapter defines strategic relational HRM as a cohesive system of HR practices for helping employees build and maintain relationships. At the core of strategic relational HRM, relational KSAs—the attributes of knowing what to do when an individual attempts to build and maintain relationships for task completion or performance improvement—is highlighted. Relational KSAs not only provide the micro-foundation of human capital resources (Coff & Kryscynski, 2011; Ployhart & Moliterno, 2011) but explicitly combine the essence of human and social capital for competitive advantage. This particular set of human capital directly facilitates the development and deployment of individual employees' social capital and social networks for improved individual performance. Strategic relational HRM systematically implements a bundle of HR practices that help employees develop their relational KSAs, motivate them to use their relational KSAs, and provide the opportunities for employees to practice and utilize their relational KSAs. Figure 1 shows a brief illustration of how the model of strategic relational HRM functions.

INSERT FIGURE 1 ABOUT HERE

As shown in Figure 1, traditional strategic HRM such as HPWS focus on how HRM systems enhance individuals' technical KSAs (e.g., computer programming knowledge, data analytic skills) which contribute to human capital resources at the collective level. Human capital has been argued to be a powerful resource to improve organizational performance (Leana & Van Buren, 1999). Rather than technical KSAs, strategic relational HRM focuses on another dimension of individual human capital that is critical to relationship building in the workplace but has been less highlighted—relational KSAs. Strategic relational HRM directly enhances individuals' relational KSAs by implementing a set of relational-specific HRM practices. Relational KSAs enable individuals to build and maintain relationships for task purposes, which increase individual social capital. At the collective level, social capital contributes to the emergence of human capital (see detailed explanations in Ray, Nyberg, & Maltarich, in press). Social and human capital, then, positively influence organizational performance.

3.1 Strategic Relational HRM Practices

A cohesive system of strategic relational HRM consists of strategic relational recruitment and selection, training and development, performance appraisal and feedback, compensation and rewards, promotion, job design, participation and involvement, and meetings and events. Table 2 lists the definitions of each strategic relational practice. The fundamental premise of strategic HRM in general suggests that employees' exposure to an interrelated set of HR practices will amplify the impact of HR because of the synergy created by the HRM system (Boon et al., 2019). Thus, this chapter suggests a simultaneous implementation of the HR practices included in

strategic relational HRM. In addition, as the design of strategic relational HRM will not be limited by industries nor contexts, generalizability issues will not be a concern for practical implementation. Following the two essential requirements from Delery and Doty (1996), this chapter identifies each important strategic relational HR practice and delineates its relationship to organizational performance.

INSERT TABLE 2 ABOUT HERE

Strategic relational recruitment and selection, as the first practice, refers to recruitment and selection programs that enable employees to build and maintain relationships by ensuring organizations obtain appropriate relational KSAs in new hires. These practices attract and identify the individuals with desirable relational attributes for firms (Leana & Van Buren, 1999). The recruitment actions with a relational perspective purposefully encourage candidates with high relational KSAs to apply and join the organizations (Soltis et al., 2018). In addition, such practices ensure the applicants with these desirable relational attributes are accurately selected (Leana & Van Buren, 1999). Research has found that the selection of individuals with learning potential and interpersonal skills directly enhances the social capital of organizations (Cabello-Medina, Lopez-Cabrales, & Valle-Cabreraa, 2011). Strategic relational recruitment and selection generates commonalities in the prosocial beliefs and values of employees (Evans & Davis, 2005; Mossholder et al., 2011), which, in turn, facilitates knowledge and information sharing in their work (Kang et al., 2007) and organizational performance.

Second, strategic relational training and development includes the training and development practices that instruct employees on how to effectively build and maintain relationships for task accomplishment (Mossholder et al., 2011). Such practices not only directly

provide employees with the channel of learning relational KSAs but offer the opportunities to interact with their supervisors or coworkers (Kaše et al., 2009). For instance, strategic relational onboarding programs help socialize newcomers to “prosocial sentiments” (Mossholder et al., 2011, p. 44) and emphasize the provision of interaction opportunities (Hollenbeck & Jamieson, 2015) by activities such as group orientations, company tours, or team-building practices. In addition, mentoring programs are often used to assist newcomers’ socialization process by assigning experienced employees to them. Normally, new employees learn technical KSAs, work expectations, and social norms from their mentors. The strategic relational approach will encourage mentors to guide employees to manage their relationships with other stakeholders (Fu et al., 2017). Previous studies have found that communication and problem-solving training contribute to the internal networking of top managers (Collins & Clark, 2003) and cross-professional training creates trust among team members and facilitates team effectiveness (Marks, Sabella, Burke, & Zaccaro, 2002). Strategic relational training and development will improve organizational performance by directly enhancing employees’ relational KSAs and indirectly providing them with the opportunities to interact with other stakeholders. Moreover, employees often see such practices as organizations’ investment in them for long-term employment relationships. Thus, these practices also increase employees’ commitment to use the learned relational KSAs for better job performance.

Third, strategic relational performance appraisal and feedback emphasizes specific expectations of relational behaviours and values in performance appraisal components and feedback provided to employees. Clear evaluation performance criteria can reduce potential disputes in collaboration processes (Hollenbeck & Jamieson, 2015) and enhance team integration (Eisenhardt & Bourgeois, 1988; Stevens & Campion, 1994). Feedback on relational perspectives

provides the information employees need to know if their performance meets the expectations of firms or other stakeholders such as clients and customers (Grant & Parker, 2009). This will further help employees improve their performance accordingly.

Fourth, strategic relational compensation and rewards incorporates financial incentives and recognition to promote employees' prosocial behaviours and attitudes. Certain practices such as group incentives, gainsharing, and profit sharing directly motivate employees to interact and share knowledge and information with others because their compensation is dependent on others' performance (Youndt & Snell, 2004). Studies have found that compensation and rewards encourage knowledge sharing, cooperative interactions, support, and helping behaviours among employees (Harrison, Price, Gavin, & Florey, 2002; Perlow, Gittell, & Katz, 2004). For example, the merit based on employees' demonstration of relational KSAs is underscored. Similarly, the fifth practice, strategic relational promotion emphasizes employees' use of their relational KSAs in promotion criteria which will directly motivate employees to perform accordingly.

Sixth, strategic relational job design ensures relational characteristics of work and interaction opportunities are included in particular jobs. For instance, relational job design can be adopted to cultivate prosocial motivation (Grant, 2007, 2008; Grant & Parker, 2009). Strategic relational job design helps motivate employees by designing jobs with characteristics such as social support, task interdependence (Morgeson & Humphrey, 2006), and cross-functional interaction (Gittell & Weiss, 2004), to augment relationship needs of employees, increase proximity, and facilitate interaction among employees (Lengnick-Hall et al., 2021). Kaše and colleagues (2009) found that job design, along with training and development, have the potential for shaping interpersonal relationships through the pattern of interactions within a firm's social network (i.e., structural, affective, and cognitive dimensions). In addition, network brokers or

cross-functional boundary spanners (whose primary task is to integrate and coordinate others' work; Gittell et al., 2010; Gittell & Weiss, 2004) facilitate resource orchestration and interactions in a firm (Burt & Soda, in press). In the strategic relational HRM system, the requirement of relational KSAs is explicitly emphasized in job descriptions. In addition, flexible job design (e.g., job rotation, job enrichment) that offers opportunities for employees to learn and practice their relational KSAs is also included.

Seventh, strategic relational participation and involvement recognizes the important role of participation in increasing the availability of information that can be used to solve problems and ensuring employees' greater acceptance and commitment to implement the solutions (Stevens & Campion, 1994). In the strategic relational HRM system, organizations actively seek employees' advice on how to improve their relational KSAs to involve and engage employees in the management process.

Eighth, strategic relational meetings and events provide employees with the platform to meet and interact with other stakeholders of their organization such as their co-workers, supervisors, and customers. Different from normal meetings and events, this practice strongly emphasizes the opportunity offered to employees to practice their relational KSAs in building relationships with other firm stakeholders. Frequent meetings can offer increased opportunities for employees to get to know each other. Social events that invite customers or suppliers provide the chances for social interaction with employees. Such practices will facilitate information sharing by helping employees build formal and informal relationships with others (Gittell et al., 2010; Kehoe & Collins, 2017).

The implementation of strategic relational HRM has the potential to enhance organizational performance. The impact of strategic relational HRM relies on the adoption of strategic relational

HR practices which function as a cohesive system to improve the human and social capital at individual- and unit-level. The next section elaborates on the process of how strategic relational HRM works to improve firm performance.

3.2 Strategic Relational HRM and Firm Performance

Strategic relational HRM is a system of HR practices that directly aims to improve the relational KSAs of individual employees for the use of such human capital in building and maintaining relationships in the workplace. Individuals' relational KSAs work as the micro-foundation of human capital resources at the collective level, which is at the core of the strategic relational HRM conceptualization. Thus, strategic relational HRM is designed to directly enhance the relational KSAs of individual employees. For example, strategic relational recruitment and selection practices highlight the relational KSAs of job candidates while recruiting and selecting new members for the organization; strategic relational training and development practices provide the opportunity of learning relational KSAs with new recruits and incumbent employees; strategic relational compensation and reward practices motivate employees to learn, develop, and practice their relational KSAs for better job performance. Thus, strategic relational HRM will positively affect the relational KSAs of individual employees.

Social capital, at the individual level, captures the resources available to employees which are embedded in the social relationships of individuals (Adler & Kwon, 2002). Individual employees use their relational KSAs to build and develop social relationships with other stakeholders within and/or across organizational boundaries. For example, relational KSAs can be used for customer relationship maintenance. Employees' relationship with customers, an important organizational stakeholder, has received a considerable amount of attention from scholars (e.g., Chuang & Liao, 2010; Sun et al., 2007). Rather than using the broad-based HRM systems as in

previous studies to indirectly influence employees' behaviours through relational climates, strategic relational HRM directly affects individuals' competencies and commitments to build and maintain this important relationship. The use of relational KSAs is not limited to customer relationship maintenance. Having relational KSAs enables employees to build and maintain many types of relationships (e.g., suppliers, coworkers, supervisors) that are needed for their task completion. The enhanced strength and breadth of individual social networks directly contribute to the resources available to employees (Kaše et al., 2009). Thus, individual social capital will be increased as their relational KSAs increase. In addition, social capital can be transferred; scholars have conceptualized unit-level social capital as the aggregation of individual social capital (Burt, 1992; Nahapiet & Ghoshal, 1999). Hence, the increase of individual social capital will positively affect unit-level social capital.

Proposition 1. Strategic relational HRM will lead to increased individual relational KSAs.

Proposition 2. Individual relational KSAs will lead to increased individual social capital.

Proposition 3. Individual social capital will lead to increased unit-level social capital.

The strategic HRM literature has widely conceptualized human capital as a unit-level concept (Nyberg, Moliterno, Hale, & Lepak, 2014). However, recent research has questioned if this conceptualization has eliminated our understanding of the emergence and creation of human capital (Ployhart & Moliterno, 2011; Ray et al., in press). Specifically, little is known about how, why, or when unit-level human capital is created (Ray et al., in press).

Unit-level human capital is beyond a simple aggregation of individual human capital because of the synergies generated through the combination of human capital across levels (Moliterno & Nyberg, 2019). In addition, unit-level human capital, though originates from the

human capital of unit members (Georgiadis & Pitelis, 2012), also arises from other sources (Ray et al., in press). As indicated in the emergence theory of human capital resources, social interactions are central to the creation of unit-level human capital (Ray et al., in press). Ray and colleagues (in press) explained how the three central dimensions of social capital—structural (i.e., social capital density, a configuration of relationships between employees in a unit), relational (i.e., the content of the relationships developed by unit members, such as trust, respect, or obligation), and cognitive social capital (i.e., the shared systems of meaning among unit members, such as shared goals or codes)—influence the emergence of human capital at the collective level (see Ray et al., in press for details). For instance, unit members with higher trust (relational social capital) are less likely to hoard information (Lee & Choi, 2003) but are more likely to increase transfer of the unit’s tacit knowledge and skills (Holste & Fields, 2010). Thus, at the unit-level, social capital will positively affect human capital.

Proposition 4. Unit-level social capital will lead to increased unit-level human capital.

Research is relatively extensive in articulating and examining how strategic HRM increases human and social capital, which further enhance organizational performance (see Collins & Smith, 2006; Evans & Davis, 2005; Leana & Van Buren, 1999; Soo et al., 2017; Youndt & Snell, 2004 for examples). The implementation of strategic relational HRM is expected to improve organizational performance as human and social capital contribute to the competitive advantage of firms. To explain, the relational KSAs that individuals gain and develop by the implementation of strategic relational HRM directly increase the human capital of unit members, which further contribute to unit-level human capital. Relational KSAs increase unit-level social capital through the direct impact on individual social capital. Human and social capital are critical drivers of

organizational performance because they create the strategic resources that are valuable, rare, inimitable, and organizationally leveraged (Barney, 1991).

Proposition 5. Strategic relational HRM will lead to improved firm performance.

Proposition 6. Unit-level human and social capital will mediate the relationship between strategic relational HRM and firm performance.

The need to examine the role of moderator variables also deserves some attention because the effect of strategic relational HRM on firm performance can be influenced by certain contingencies. For instance, the degree of task interdependence—the extent to which an individual needs information, materials, and support from other members to complete his or her job (Van der Vegt, Van de Vliert, and Oosterhof, 2003)—can play a role because higher task interdependence demands more in-depth collaboration among employees which is mainly facilitated by stronger relationships (Gittell et al., 2010). Thus, when task interdependence is high, the positive relationship between strategic relational HRM and firm performance is stronger.

In addition, the external environment can influence the relationship between strategic relational HRM and firm performance. Specifically, higher environmental complexity, defined as “the variety of external forces with which the organization should interact” (Lee & Grover, 1999, p. 192), means a firm has to build and maintain relationships with more complex groups of stakeholders such as customer, suppliers, and competitors. In this regard, the impact of strategic relational HRM on firm performance should be more positive when organizations face higher environmental complexity.

Proposition 7a. Task interdependence moderates the relationship between strategic relational HRM and firm performance such that when task interdependence is higher, the relationship between strategic relational HRM and firm performance is more positive.

Proposition 7b. Environmental complexity moderates the relationship between strategic relational HRM and firm performance such that when environmental complexity is higher, the relationship between strategic relational HRM and firm performance is more positive.

4. DISCUSSION

The extant research in strategic HRM with relationship-related views has shed light on the importance of incorporating a relational perspective into strategic HRM to help organizations better achieve strategic goals in the ever-changing internal and external environments. The literature review in the present chapter reveals two features of the extant research in strategic HRM with a relationship orientation. First, relationships have been routinely conceptualized as the mechanisms linking HRM systems and performance outcomes. Second, focusing on the contingencies, the HRM systems are designed and developed for a particular group of employees (e.g., top management team members), a specific type of relationship (e.g., employee-customer relationships, relationships with external stakeholders), or a special context (e.g., knowledge-intensive work or service industry).

These two features leave several important theoretical and practical challenges unsolved. First, firms face an increasing amount of uncertainty, turbulence, and competition which requires them to collaborate with other stakeholders in their ecosystems to survive and grow. The nature of work, in addition, has become more complex where interdependence among individual employees to complete their tasks together urges them to update their KSAs for cooperation. The need for

incorporating the relational view stems from the strategic needs of organization. Thus, simply seeing relational concepts as certain mechanisms that are external to HRM systems is unable to fulfill the needs. Integrating the relational perspective into the design of strategic HRM system generates greater importance. Second, although a contingency perspective has advanced our knowledge on how targeted HRM systems contribute to specific strategic purposes (e.g., knowledge sharing), it risks the generalizability issue. Relationship is a complex concept in terms of its structure and content (Ray et al., in press). An individual employee or a single unit is embedded in intricate relationships. A focus on contingencies has limited our ability to address the complexity embedded in relationships, which further restricts the effectiveness of strategic HRM systems in enhancing firm performance.

To address these deficiencies, this chapter develops a theoretical model of HRM that emphasizes employees' relational KSAs in the design of the strategic relational HR practices included in this HRM system. Relational KSAs that individuals gain from the implementation of strategic relational HRM provides the micro-foundation of human and social capital, which further contributes to the enhanced performance of organizations.

From a theoretical perspective, this chapter offers three contributions to the strategic HRM literature. First, it responds to recent calls for incorporating a relational perspective into strategic HRM (Hellenbeck & Jamieson, 2015; Lengnick-Hall et al., 2021; Methot et al., 2018; Soltis et al., 2018). The present chapter first provided a thorough review of the extant strategic HRM literature that employed a relational view. The thirty-one articles included in the review show how the field of strategic HRM has been conceptualized and tested relationship-related concepts.

Second, this chapter developed a theoretical model of strategic relational HRM which addresses the deficiencies in the extant literature while considering the changing strategic needs

of organizations. Noting the strategic importance of social relationships in managing human resources, the design of strategic relational HRM aims at facilitating cooperation and inducing collaboration among employees within an organization or across organizational boundaries. The development of strategic relational HRM also pays attention to future empirical tests and practical implementation of the HRM system. This chapter offers a clear description of how strategic relational HRM functions in an organization and explains why each strategic relational HR practice is included in the design. This paper also provides a set of testable propositions that can be tested in future studies.

It is also important to note that the existing scales often measure relationship-related HR concepts using broad-based strategic HRM systems such as HPWS by simply adding certain relationship-related items to the scale (e.g., Chuang & Liao, 2010; Gittell et al., 2010). Other studies, as mentioned in the previous section, develop measures adopting a contingency approach (e.g., Chuang et al., 2016; Kim et al., 2018; Lin & Shih, 2008). A paucity of existing scales follows a rigorous measure development process, which has largely hindered the theory and empirical advancement of strategic HRM (Boon et al., 2019). Thus, with the clear conceptual framework of strategic relational HRM described in the present chapter, future research, as a primary step, should develop and validate a strategic relational HRM measure for empirical tests.

Third, the multilevel framework adopted in the theoretical development of the strategic relational HRM model responds to the growing calls for the application of multilevel paradigm in strategic HRM research (Jiang et al., 2013; Lengnick-Hall et al., 2009; Lepak et al., 2012; Peccei & Van De Voorde, 2019). The design of strategic relational HRM emphasizes the important role of individual relational KSAs in developing human and social capital which have been shown by the extant literature to be primary contributors to firm competitive advantage. Future studies

should investigate other individual attributes or contingencies that might affect relational KSAs of individuals. In addition, future research should examine the process of how human and social capital emerge from individual to unit level. Specifically, future studies could explore if and how synergies are created during the emergence process as predicted by existing theory.

The present chapter also provides practical implications. The design of strategic relational HRM system emphasizes the micro-foundation of human capital. The focus of individual relational KSAs enables organizations to adopt strategic relational HRM systems regardless of their firm sizes, the industry that they operate in, and the stage of their organization development (e.g., new ventures). However, it is important to note that the effectiveness of strategic relational HRM might vary with certain contingencies because this HRM system is designed and conceptualized for facilitating organizations with strategic needs of social relationships. Thus, the effect of strategic relational HRM on firm performance, as indicated in the propositions, might be greater for organizations with higher dependence on cooperation than those where cooperation is less required in employee task completion. In addition, the implementation of strategic relational HRM might be more important to the firms operating in environments of high complexity, uncertainty, interdependence, or competition.

5. CONCLUSION

This chapter highlights the important role of social relationship in managing human resources for contemporary organizations. It first provided a review of the extant strategic HRM research that employed a relational view. Then, to address the deficiencies remained in the existing literature, a theoretical model of strategic relational HRM was developed with an explanation of how the designed HRM system functions. This model provides researchers with a new approach for studying strategic HRM and advancing the theories of the field.

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TABLE 1. Summary of Studies Linking Relationship-Related Concepts to Strategic HRM

References	Research Type	HR system/conceptual framework	Mechanism	Measure	Source	DV	Industry	Region
Chuang & Liao (2010)	empirical	HPWS	Climates of concern for employees and customers	35 items	store managers	market performance	service	Taiwan
Collins & Clark (2003)	empirical	Network-building HR	Social networks	8 items	CEOs	financial performance	high-tech	U.S.
Collins & Smith (2006)	empirical	Commitment-based HR practices	Social climate	16 items	HR managers	firm performance	high-tech	U.S.
Cooper et al. (2019)	empirical	Well-being-oriented HRM practices	Social climate	31 items	employees	employee performance	banking	China
Evans & Davis (2005)	conceptual	HPWS	Internal social structure					
Gittell et al. (2010)	empirical	HPWS	Relational coordination	23 items	administrator	quality and efficiency of patient care	healthcare	U.S.
Hollenbeck & Jamieson (2015)	conceptual	HRM	Social network analysis					
Kim et al. (2018)	empirical	HR-line-connecting HRM system	Social capital	14 items	HR managers	turnover	information technology	China
Mossholder et al. (2011)	conceptual	Compliance, commitment, and collaborative HR archetypes	Relational climate					
Saks (2022)	conceptual	Caring HRM	Organizational climate of care and concern for employees					
Soltis et al. (2018)	conceptual	HRM systems	Social network analysis					

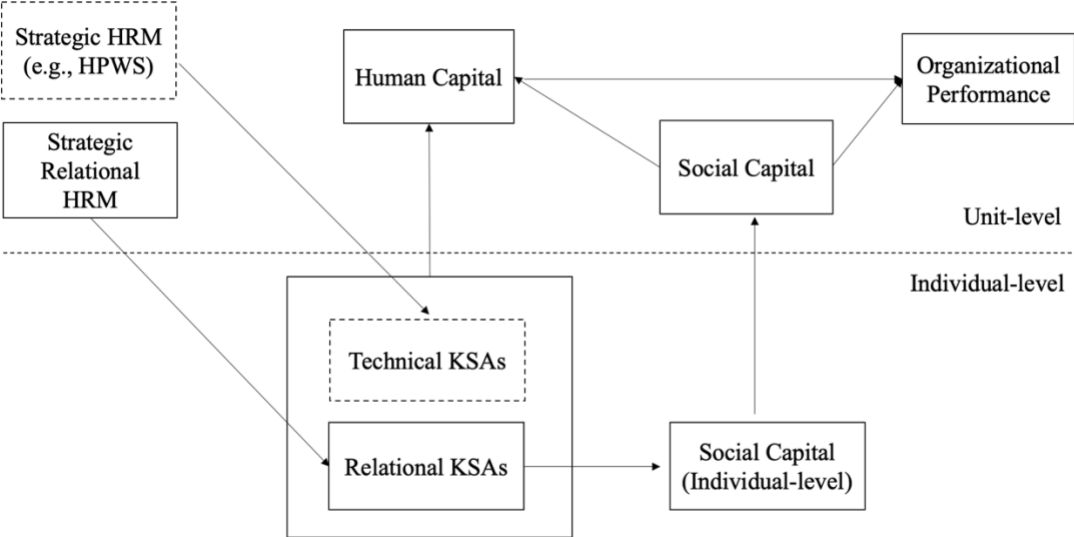
Takeuchi et al. (2009)	empirical	HPWS	Concern for employees climate	13 items	managers	job satisfaction; affective commitment	cross	Japan
Zhou et al. (2013)	empirical	Collaboration-oriented HRM system	Cohesive internal environment	6 items	senior HR managers	firm innovation	cross	China
Chen et al. (2004)	empirical	Guanxi HRM		5 items	managers	trust in management	cross	China
Chen et al. (2011)	empirical	Guanxi HRM		3 items	employees	Procedural justice perceptions		China
Chuang et al. (2016)	empirical	HRM systems for knowledge-intensive teamwork		31 items	team leaders	team knowledge acquisition, team knowledge sharing	information technology	Taiwan
Kang et al. (2007)	conceptual	Entrepreneurial and cooperative archetypes						
Kehoe & Collins (2017)	empirical	Relationship-oriented HRM		10 items	unit managers	unit performance	knowledge-intensive	Canada
Lengnick-Hall et al. (2021)	conceptual	Job characteristics model, designing effective workgroups, HR architecture						
Lepak & Snell (1999)	conceptual	HR configurations						
Lepak & Snell (2002)	empirical	HR configurations			HR managers and line managers		cross	U.S.
Lin & Shih (2008)	empirical	Teamwork-oriented executive strategic HRM system		22 items	executives	firm performance	cross	Taiwan

Methot et al. (2018)	conceptual	Network composition-modifying HR practices, network configuration-modifying HR practices, network content-modifying HR practices						
Perry-Smith & Blum (2000)	empirical	Work-family policy bundles	8 items		firm performance	cross	U.S.	
Ren & Chadee (2017)	empirical	Guanxi HRM	5 items	managers	proactive skill development	n.a.	China	
Soo et al. (2017)	empirical	Social-capital-enhancing HR (egalitarian HR and collaborative HR)	5 items and 10 items, respectively	middle- and senior-level managers	innovation performance	cross	Australia	
Yang (2014)	empirical	Guanxi HRM	5 items	supervisors and employees	job performance	cross	China	
Yang et al. (2018)	empirical	Guanxi HRM	5 items	supervisors and employees	work engagement		China	
Yang et al. (2021)	empirical	Guanxi HRM	5 items	employees	job performance	service	China	
Youndt & Snell (2004)	empirical	Egalitarian HR configuration; collaborative HR configuration	5 items and 8 items respectively	executives	organizational performance	cross	U.S.	
Zhang et al. (2015)	empirical	Guanxi HRM	5 items	employees	employee creativity	cross	China	

TABLE 2. Definitions of Strategic Relational HRM Practices

Strategic Relational HRM Practices	Definition	Example
Strategic Relational Recruitment and Selection	The recruitment and selection programs ensure the organization gains appropriate relational KSAs.	Interpersonal skills are emphasized in job advertisements.
Strategic Relational Training and Development	The training and development programs instruct employees on how to develop relational KSAs for effective relationship building.	Employees receive trainings on how to improve their skills for effective cooperation.
Strategic Relational Performance Appraisal and Feedback	The performance appraisal and feedback clearly emphasize relational behaviours and values.	Supervisors provide feedback on employees' ability to build customer relationships.
Strategic Relational Compensation and Rewards	The compensation and rewards programs incorporate financial incentives and recognition to promote employees' prosocial behaviours and attitudes.	Companies provide training subsidies with employees to improve their relationship-building skills.
Strategic Relational Promotion	The promotion emphasizes the importance of developing relational KSAs for relationship-building in promotion criteria.	Promotion criteria include elements such excellent teamwork skills.
Strategic Relational Job Design	The job design ensures relational characteristics of work and interaction opportunities are included in jobs.	Job rotation is used for enhancing the skills to build relationships.
Strategic Relational Participation and Involvement	The participation and involvement programs enable employees to engage in decision making process for improved relational KSAs.	Employees are asked for offering the advice on how to improve interpersonal skills.
Strategic Relational Meetings and Events	The meetings and events organized to provide employees with the opportunity to build and maintain relationships.	Tactics to enhance teamwork skills are discussed in meetings.

FIGURE 1. Theoretical Model of Strategic Relational HRM



CHAPTER 2

START FROM VERY BEGINNING: UNDERSTANDING THE HRM SYSTEMS IN NEW VENTURES

ABSTRACT

As a result of intensified business competition, increased work complexity, and an aging workforce, attracting, developing, and retaining employees has become a fundamental and on-going challenge for organizations. This is particularly important for new ventures who face strategic needs of survival and growth simultaneously. Yet, research is largely silent on how human resource management (HRM) systems can enable new ventures to achieve their strategic goals. Drawing on 51 semi-structured interviews and organizational documents describing two new ventures in the healthcare industry in China, this study investigates a model of HRM systems espoused by new ventures when they face simultaneous strategic goals—survival and growth. The findings show that new ventures attempted to utilize the HRM systems embedded in relationship-oriented collaboration. Specifically, at the macro-level, new ventures relied on cross-organization partnerships to share and develop their employees; at the meso-level, these organizations cultivated collaborative cultures and designed strategically targeted HR policies; and at the micro-level, relational capabilities, in addition to technical skills, were highly emphasized among individuals. The paper provides valuable insights into the elaboration of how strategic HRM can affect a firm in its early stages of development.

Keywords: Strategic human resource management, collaboration, social capital, human capital, entrepreneurship.

1. INTRODUCTION

New ventures—organizations in early years of existence—contribute to the vitality of the market and economic growth of countries (Zimmerman & Zeitz, 2002). Social scientists have increasingly recognized the importance of entrepreneurship over the past three decades (e.g., Baron, Burton, & Hanna, 1996; Hayton, 2005). While early studies largely focused on investigating individual traits of entrepreneurs, recent calls have urged scholars to “anchor our understandings of entrepreneurship in the context of labour market institutions and firm human resources management practices” (Burton, Fairlie, & Siegel, 2019, p.1052).

Strategic human resource management (hereafter, strategic HRM) refers to a dynamic “bundle” of HR practices that is deliberately designed to achieve a firm’s strategic goals (Lado & Wilson, 1994). Compared with traditional HRM, strategic HRM emphasizes organizational outcomes from a more macro perspective (Welbourne & Andrews, 1996). An HRM system, as an integration of various functional areas of HRM, often includes HR practices such as comprehensive recruitment and selection, incentive compensation and performance management, and extensive training and development (Huselid, 1995; Welbourne & Andrews, 1996). These HRM systems contribute to sustainable firm success through the development and empowerment of human capital and social capital in organizations (Messersmith & Guthrie, 2010).

Scholars have noted the variation and evolution of the HRM systems across the life cycle of organizations (Baron et al., 1996; Kotey & Slade, 2005). The HRM systems employed by emerging organizations are likely to differ from the model adopted by established firms. Understanding such difference can offer key value and implications to young firms (Heneman, Tansky, & Camp, 2000), especially as research indicates that early practices have lasting effects on firm on-going success (Hannan & Carroll, 1992). While a small body of literature suggests that

HR practices may play a key role in the ultimate success of growing firms (Way, 2002), the extant strategic HRM studies, still, have generally grounded in the investigation of established firms (Messersmith & Guthrie, 2010). A void remains in our understanding of the HRM systems that enable new ventures to achieve their strategic goals (Heneman et al., 2000; Messersmith & Guthrie, 2010). Such research gaps can pose management challenges for emerging organizations.

The current research, hence, seeks to address this lack of understanding by investigating the HRM systems adopted by organizations in the early stages of their life cycle. In particular, this study intends to answer the following research questions: What is the model of HRM system espoused by new ventures composed of? How can emerging firms manage human resources to achieve their strategic goals? In answering these questions, 51 semi-structured interviews were conducted and rich organizational documents were collected in two new healthcare organizations in China.

The findings contribute to the literature in three ways. First, the present study addresses the research gap in the extant strategic HRM literature by investigating the strategic role that an HRM system plays in emerging organizations. Strategic HRM scholars have emphasized the importance of context in understanding the impact of HRM systems (Jackson, Schuler, & Jiang, 2014). This study extends our knowledge in the strategic HRM literature to the context of new and emerging firms, an area that has received numerous calls for additional research (e.g., Hayton, 2005; Heneman et al., 2000; Van Lancker, Knockaert, Audenaert, & Cardon, 2022). Second, the present research offers empirical insights into entrepreneurship theory. HR practices, often, are low on the priority list of new ventures (Messersmith & Guthrie, 2010). Thus, the significance appears in providing evidence regarding the role that HRM systems play in determining the success of young firms. This study examined the HRM systems espoused by new ventures to achieve their dual-

oriented strategic goals of survival and growth. In addition, scholars have noted the importance of understanding strategic HRM using a multilevel perspective to advance theory and research of the field (Jiang, Takeuchi, & Lepak, 2013; Lepak, Jiang, Han, Castellano, & Hu, 2012). The present study responds to the growing calls and finds that multilevel (i.e., macro-, meso-, and micro-level) mechanisms contribute to the integrated HRM systems simultaneously to implement the strategic needs of the business. Third, the results of this study have important implications for new and emerging organizations. As inertia is established, HR practices tend to become engrained in firms (Aldrich & Marsden, 1988; Hanna, Burton, & Baron, 1996). Knowing which mechanisms of an HRM system contribute to firm success, can be particularly valuable to new ventures facing severe competition while having scarce resources.

2. STRATEGIC HRM AND NEW VENTURES

Strategic HRM, over the past three decades, has emerged as a field of study that examines “HRM systems (and/or subsystems) and their interrelationships with other elements comprising an organizational system, including the organization’s external and internal environments, the multiple players who enact HRM systems, and the multiple stakeholders who evaluate the organization’s effectiveness and determine its long-term survival” (Jackson et al., 2014, p. 2). Strategic HRM emphasizes “fit” which suggests that the best way to manage employees is to tailor an HRM system to meet the needs of firm business strategy (Youndt, Snell, Dean, & Lepak, 1996) while considering the factors that may influence firm success (Jackson et al., 2014; Schuler, 1992). The concept of “fit”, in other words, will lose its meaning and impact without considering the context which includes the stage of organizational development, business environment, and firm characteristics (Boxall, Huo, Macky, & Winterton, 2019; Sun, Aryee, & Law, 2007).

The extant strategic HRM research has largely relied on samples of established organizations (Messersmith & Guthrie, 2010; Welbourne & Andrews, 1996). Scholars have cautioned about the problem associated with the reliance on such a sample because established organizations have survived their early age and are more likely to continue to survive (Welbourne & Andrews, 1996). They have suggested expanding the research into more diverse samples, among which examining the HRM systems in new and developing firms has received some attention (Heneman et al., 2000).

New ventures, compared with established firms, are likely to face greater challenges given their simultaneous strategic needs of survival and growth. As business competition becomes more severe over time, to thrive in the future, young firms usually attempt to grow while surviving their start-up phase. This is particularly evident for firms in new industries—competing for market share determines their survival. However, most new ventures have constrained resources to be used for both survival and growth (Aldrich & Auster, 1986; Hampel, Tracey, & Weber, 2020). As Romanelli has highlighted, “New organizations are notoriously poor at surviving their early years” (1989, p. 369). A closer investigation of the HRM systems of young firms may provide some additional explanation about why this is the case and how the HRM systems of new ventures enable them to achieve their strategic goals.

Strategic HRM research has generally theorized that HRM systems, compared with individual practices, lead to superior firm performance (e.g., Huselid, 1995, Subramony, 2009; Sun et al., 2007). An HRM system is comprised of several interrelated HR practices such as selective staffing, extensive training, employment security, clear job description, and results-oriented appraisal (Delery & Doty, 1996; Sun et al., 2007). The HRM system, working synergistically toward a firm’s strategy, can increase the levels of human and social capital of the

firm for improved performance (Collins & Clark, 2003; Lepak & Snell, 1999; Ray, Nyberg, & Maltarich, in press; Youndt et al., 1996). For example, Soo, Tian, Teo, and Cordery (2017) found that it is through a system of HR practices—that not only enhances human capital but also develops social capital—that organizations build critical learning capabilities for effective knowledge sharing and improved firm innovation.

One line of HR research adopts the universalistic perspective by theorizing that some HR practices always outperform others and firms should implement these best practices (Delery & Doty, 1996; Huselid, 1995). Recognizing the parsimony of the universalistic approach in practical implementation, however, scholars have questioned its effectiveness on bringing long-run success to firms (Miles & Snow, 1984; Lin, Li, & Lam, 2020). As contingency theorists argued, HRM systems must be consistent with other aspects of the organization for impact and effectiveness (Boxall et al., 2019; Jackson et al., 2014). The diversity and complexity of organizations determine that no such set of HR practices exists which can be highly performing in every context (Boxall et al., 2019). Indeed, this issue sets an important task for researchers, that is “identifying which models of HRM emerge in which contexts, why they do so (i.e., which actors and contingencies help to shape them?), describing how they work (the “black box” problem), testing how they affect the outcomes of the parties and, finally, making arguments for how they might do so more effectively” (Boxall et al., 2019, p. 4). This task generates greater importance to new venture managers as managing human resources can be decisive to these organizations.

Previous research has examined how firm growth as an organizational contingency influences the effect of HRM systems on firm performance. For example, Kim and colleagues (2018) examined how the expansion of employment size affected the impact of high-performance work systems on organizational performance. Using a sample of 267 growing firms in South Korea,

they found that organizational internal growth intensified the positive influence of high-performance work systems on productivity. With increased implementation of such HRM systems, the pattern was consistent over time.

Scholars have argued that HRM systems can serve to gain and transform employees into the strategic resources of organizations, which further contribute to the competitive advantage of firms (Huselid, 1995). Young firms with limited resources for attending their simultaneous needs of survival and growth will rely more on the HRM systems that they implemented. HRM systems can mitigate the resource constraint by obtaining, motivating, and developing the human capital needed by firms (Jiang, Lepak, Hu, & Baer, 2012).

Moreover, social capital enhanced by the adoption of HRM systems also brings both internal and external resources to organizations for satisfying their strategic needs (Leana & Van Buren, 1999). Research has shown how a model of high-performance work systems engages organizational members in a coordinated effort for enhanced organizational performance (Gittell, Seidner, & Wimbush, 2010). Collins and Clark (2003) found that a set of network-building HR practices positively affected the external and internal social networks of top management teams, which further improved firm performance. In the entrepreneurship literature, studies also have shown the importance of social capital. For example, Leung, Zhang, Wong, and Foo (2006) and Zolin, Kuckertz, and Kautonen (2011) suggest that entrepreneurs mainly rely on social networks (i.e., personal and business networks) to recruit and select employees. The concepts of social capital, social network, and employee coordination mentioned here are all embedded in a key theme of relationship-oriented collaboration. An HRM system must facilitate collaboration at multiple levels to benefit from the strengths of the system and further enhance its impact on firm performance (Bowen & Ostroff, 2004; Schuler, 1992).

To sum up, new ventures differ from the established firms in a way that they often face greater challenges given their dual-oriented strategic needs of survival and growth. Theory suggests that strategic HRM systems have the potential to help young firms achieve their simultaneous strategic goals. However, the existing literature on strategic HRM has mainly relied on a sample of established firms. Organizations' stage of existence as an important contingency should be investigated to advance the strategic HRM theories. Thus, this study explores two important research questions—what the model of HRM system espoused by new ventures looks like and how new firms manage their human resources to satisfy their strategic needs.

3. METHODOLOGY

In a recent special issue in *Human Resource Management Review* on inductive research methods, the guest editors, Woo and colleagues (2017) shared a same view with several other leading scholars (e.g., Locke, 2007; Spector, Rogelberg, Ryan, Schmitt, & Zadeck, 2014) in highlighting how the absence of inductive research has restricted the field of HRM “to the study of only those questions which have a sufficient theoretical basis and discourages the exploration of new questions for which theory is not yet available” (p. 255). This gap deserves careful attention from strategic HRM scholars as the studies of this field are mainly vested in a “top-down” approach of hypothesis testing rather than a “bottom-up” approach to theory-building. The field of strategic HRM has been criticized for becoming stagnant (Wright, Nyberg, & Ployhart, 2018). This may result from the concentration of hypothetico-deductive studies which has restricted the evolution of the field to abundant confirmatory tests of existing theories (Locke, 2007; Murphy, Klotz, & Kreiner, 2017; Woo et al., 2017).

The primary goal of this study was to build new theory and extend existing theory in the field of strategic HRM by “filling in what has been left out” (Locke, 2001, p. 103). It attempts to offer an in-depth understanding of the HRM systems adopted by new ventures through an exploration of the answers to two key research questions: What do the HRM systems espoused by new ventures look like? What’s unique about their HRM systems that facilitates these firms in achieving their strategic goals? As an exploratory study, an inductive approach is used as the research methodology to “generalizing results beyond the observations at hand” (Woo et al., 2017, p. 257). Qualitative inductive research methodology has its strength in discovering new knowledge (Woo et al., 2017) and capturing complexities of the research context (Locke, 2001). In this regard, the inductive approach is well suited to the objectives of the present research, which can improve our knowledge of the underexplored area of HRM systems adopted by new ventures.

This study was carefully designed and conducted to emphasize its rigor following the design and suggestions from previous research such as Cardano (2020), Murphy et al. (2017), Pratt (2009), Silverman, (2019), and Woo et al. (2017). Specifically, in order to select the organizations in which the focal research questions can be explored and investigated, I searched for the organizations that are newly founded and implement HRM systems rather than using individualized, separate HR practices as many young firms do (Messersmith & Guthrie, 2010). Such organizations should have set up clear strategies and they should adopt the HRM systems that target at facilitating the achievement of their strategic goals. Two young private hospitals were selected for two reasons. First, both hospitals were established less than two years at the time I conducted the present research. In pilot consultations, it is ensured that top management team members from both hospitals indicated that they have disclosed strategies as their long-term goals and strategic needs of the moment. Over the discussions, I also ensured that both hospitals were

using a set of interrelated HR practices (i.e., HRM systems) rather than implementing several HR practices separately. Second, both hospitals are for-profit organizations. This ensures the strategic objectives of the two focal hospitals will be similar to those of other new ventures in general. The selection of cases in the present study provides a good opportunity for me to understand the HRM systems adopted by two new ventures of different sizes and competitive advantages.

3.1 Research Context

3.1.1 Overall Healthcare Context

The healthcare context is generally characterized as having high levels of uncertainty, complexity, and task interdependence (Gittell, 2002). To illustrate, uncertainty exists in forms such as patient reactions to surgery; complexity appears because of the involvement of a variety of stakeholders; and the highly specialized nature of healthcare delivery requires intensive task interdependence (e.g., Gittell, 2002; Gittell et al., 2010; Gittell, Godfrey, & Thistlethwaite, 2013).

Scholars have also argued that the “healthcare environment has hardly ever been a stable one” (Al-Amin & Housman, 2012, p. 223) because of the increased competition in the hospital industry. Hospitals often compete with each other for the same resources such as scarce talent in the labour market, patients within the community or region, and limited funding. As patients’ expectations are increasing, service quality and effectiveness are critical to hospitals’ survival and development (Gittell et al., 2010).

3.1.2 Healthcare Industry in China

The extant literature on private hospitals mostly relies on empirical evidence from developed market economies. Private hospitals represent an emerging industry in China, and we know very little about private hospitals in developing and transitional economies. Public hospitals

have been the dominant organizational form in China's healthcare system to date, providing about ninety percent of inpatient and outpatient healthcare service (Zhu, 2013). Since the early 1990s, service quality has deteriorated due to severe revenue shortfalls in public healthcare systems. Meanwhile, the rising demand for healthcare urged the Chinese government to implement a series of market-oriented policies to facilitate the growth of private hospital service (Tang, Zhang, Chen, & Lin, 2014). The nation-wide health policy reforms in 2009 prominently endorsed the expansion of private not-for-profit investments in health service delivery in China for the first time (Eggleston et al., 2010). Numerous favorable policies implemented in more recent years, such as the proposal to consolidate retirement benefits and medical insurance of government employees by covering their expenses of private hospital service, led to a rapid increase in the number of private hospitals in China. According to recent government released statistics, the number of private hospitals has reached 23,524 in 2020, which has exceeded that of public hospitals at 11,870 ("The communique of healthcare industry development statistics 2020"). This communique also depicts that according to the official Chinese classification system for hospitals (*jibie*), the total number of hospitals with the highest level three of accreditation (*sanjia*) was 1,580 in 2020. In terms of the number of hospital beds, an important criterion for understanding hospitals' inpatient care capacity, public hospitals remain the dominant force accounting for 71.4% of total hospital beds in China ("The communique of healthcare industry development statistics 2020").

Private hospitals in China are mostly small, providing mediocre facilities and specialty services (e.g., proctology hospitals). Successful private sector healthcare service is concentrated in the ophthalmology and dental service industries. Industries which provide specialized healthcare delivery like ophthalmology and dental care often adopt chain operation with small-sized hospitals. However, general hospitals, which provide a wide array of medical services by admitting all types

of medical and surgical cases (both inpatient and outpatient surgeries) and all patients without any particular target group (e.g., children, gender, age), still capture the majority of market share in the healthcare industry. With the increasing investment of private capital in this sector, the number of high-tier, private general hospitals is expected to increase.

Since China has expanded a mixed-ownership approach to healthcare service delivery starting with the first-tier cities, several private hospitals in cities like Beijing and Shanghai have grown successfully and gained a competitive percentage of market share. However, the extent to which HRM has facilitated the growth of these private hospitals is unknown, and limited HRM studies have analyzed how HRM systems at the early stage of firm existence support organizational strategy. It is difficult to obtain historical data on established organizations, and there is the possibility of bias when using retrospective recall data, such as asking participants to reconstruct past events. In this regard, documenting the HRM system adopted by new private hospitals seems particularly meaningful. For both employment and entrepreneurship scholars, the development of HRM systems in these new ventures generate profound theoretical and practical insights.

3.2 Data Collection and Analysis

3.2.1 Sample Characteristics

The data for this study was collected in two for-profit private hospitals located in a populous and economically developed province in China. Hospital A started its soft opening on December 28th, 2017, with total investment of over 2.08 billion *yuan*. At the time the data was collected (i.e., 2019), this hospital had around 1,100 full-time employees. As one of the largest private hospitals in the province, Hospital A has 44 clinical departments and 12 medical

laboratories. The number of hospital beds was 1,563 at the end of 2019. According to the official Chinese classification system for hospitals (*jibie*), this hospital is rated level three and grade A, the highest level of accreditation (*sanji jiadeng*).

Hospital A has intensive collaboration and partnership with two major public hospitals in the city where it is located. It is also a teaching hospital where research and training are strongly emphasized. In terms of the organizational structure of Hospital A, the chief operating executive (i.e., CEO) is also the founder who invested in this hospital. Their top management team consists of one chief operating officer (i.e., COO), one president, and two vice presidents. Among the 44 clinical departments, each department has one department head who is responsible for the profit of the department and makes other basic managerial decisions such as arranging meetings and determining resource allocation.

Hospital B, the other private general hospital included in the present study, opened on December 16th, 2017. This hospital is rated at level two (*erji*). In 2019, Hospital B had 79 full-time employees and around 60 part-time workers. The number of hospital beds was 100 when the hospital opened. This hospital was founded and funded by a large-listed company in China. The starting investment was 28.8 million *yuan*. Thus, the top management team members of Hospital B including its CEO, president, and COO are assigned by the funding company. Among them, the CEO and president are not from the city where the hospital is located. Hospital B has a partnership with a large public hospital (different from the two public hospitals partnered with Hospital A). This public hospital is known for traditional Chinese medicine, physical therapy, and gastroenterology.

3.2.2 Data Collection

I used semi-structured interviews as the primary method of data collection due to the exploratory nature of this research (Pratt, Rockmann, & Kaufmann, 2006). To provide a complete picture of the HRM systems of these two organizations, 51 semi-structured interviews with key informants were conducted to obtain information about company strategies and HRM systems from July to October 2019. Theoretical sampling in the inductive approach emphasizes that “data sources should be chosen on the basis of their usefulness in further illuminating the emergent theory” (Murphy et al., 2017, p. 294). A purposive sampling approach was adopted to ensure the breadth and size of the data sources to ensure their representativeness as well as the credibility of the data collected (Murphy et al., 2017). Participants include both management and employees of various levels, namely, the founder, CEO, COO, presidents, HR department representatives, heads of each department, senior doctors (with no administrative duties), junior residents, attending doctors, head nurses, and other nurses. The sample is well representative of different owner, manager, and employee stakeholders in both private hospitals. Representatives from characteristic departments (i.e., the departments that the hospital is known for; often these departments have better resources than the rest of the hospital) as well as ordinary departments (i.e., the departments a general hospital should have) were interviewed. Table 1 shows an elaboration of the sample.

INSERT TABLE 1 ABOUT HERE

The interview guide was constructed based on prior literature on strategic HRM and entrepreneurship. First, the founder, CEOs, COOs, and presidents of each hospital were asked to describe the details of their founding, including their initial business plans, strategies, core

competencies and competitive advantages, sources of initial capital, the HR practices they started with, as well as current firm strategy, structure, and HR practices. This first round of interviews was used to revise questions for other participants in later interviews. In addition, all participants were asked to provide their own educational and professional background, their knowledge and understanding of the current HR policies, and their perceived changes of HRM system since they joined the hospital. These face-to-face interviews typically lasted about 60 to 90 minutes. All interviews were recorded. I also took notes when conducting the interviews. Table 2 lists example interview questions. A full interview protocol can be found in the appendix.

INSERT TABLE 2 ABOUT HERE

In addition to interviews, I also collected data from archival documents and unobtrusive observations. Specifically, with the support of hospital management, I gathered archival data from the official account publications of hospitals, organizational documents that recorded firm history, such as annual reports, organization chart, and personnel information from the HR and finance departments. Moreover, I followed the COOs, HR managers, and several department heads during the meetings with stakeholders of their hospitals, including employees, patients (during their visits or “rounds”), and suppliers. I also spent two to three hours each day before and after interviews walking around each department in these hospitals to make general observations of how both hospitals functioned. In sum, the data I collected offered a richer context for understanding the new ventures (e.g., their operational performance and business needs), the meaning of participants’ responses, and the relationship and communication patterns between members of these hospitals. It also sparked new questions which led to several modifications of my interview protocols and were addressed in subsequent interviews.

The sample size of 51 interviews substantially exceeds the median number of qualitative sample sizes (i.e., 32.5) identified in a recent review of research published in high-ranking journals (Saunders & Townsend, 2016). In addition, data saturation was evaluated and ensured before completing the data collection phase (Charmaz, 2014; Murphy et al., 2017). In other words, the data collected through theoretical sampling has comprehensive sufficiency in depth and scope and “no further new (i.e., non-redundant) dimensions need to be added to the theoretical model” (Murphy et al., 2017, p. 294).

3.2.3 Data Analysis

The interviews were conducted in Chinese and were then transcribed by the author of this study. Analysis of the transcript and documentary data was conducted and refined progressively to ensure the credibility of the findings (Bazeley, 2020). The data were imported into NVivo12 for data analysis. All coding was undertaken by the author and another PhD student in the HR field who speaks both Chinese and English and is well trained in conducting qualitative research. The two researchers coded all transcripts together and inductively created a list of first-order codes. During the process, the two researchers repeatedly discussed about the coding to ensure the quality and reflexivity of the coding. I analyzed the qualitative data in an iterative fashion by travelling back and forth between the data and emerging theoretical arguments (Locke, 2001; Pratt et al., 2006).

To finalize my arguments, three major steps were conducted. First, I identified informants' views through open coding and found common statements to form provisional categories and first-order codes. Second, I integrated the first-order codes by moving from open to axial coding (Locke, 2001) and generated theoretical categories. For example, coding statements regarding the CEOs' concerns about the survival of their hospitals showed their strategic needs. Lastly, by analyzing

the dimensions underlying these theoretical categories, I attempted to conceptualize the overall theme that these different categories fit into. Table 3 shows the coding structure.

INSERT TABLE 3 ABOUT HERE

4. RESULTS

The primary data provided in-depth knowledge of the HRM system espoused by these new ventures to meet their strategic needs at the current stage of organizational development. Scholars have noted the importance of understanding HRM systems through a multilevel paradigm because strategic HRM is to ensure that “(1) human resources management is fully integrated with the strategy and the strategic needs of the firm; (2) HR policies cohere both across policy areas and across hierarchies; and (3) HR practices are adjusted, accepted, and used by line managers and employees as part of their everyday work” (Schuler, 1992, p.18). As the design of the present study paid strong attention to the adoption of the multilevel paradigm, the results are presented following this structure: at the macro-level, the findings illustrated the factors such as government policy and regulations, as well as market conditions; at the meso-level, the findings were concentrated on organizations’ HR policy and culture; at the micro-level, individual employees’ attributes appeared in the results. Figure 1 shows the illustration of the multi-level model of the HRM system. I continue with a brief overview of my findings, followed by three subsections to elaborate the components of the HRM system at the macro-, meso-, and micro-level.

INSERT FIGURE 1 ABOUT HERE

4.1 The Overall Theme of Relationship-Oriented Collaboration

As Schuler (1992) has noted, strategic HRM is to ensure HRM is “fully integrated with the strategy and the strategic needs of the firm” (p.18). Strategic HRM is about linking, integrating, and cohering across levels in organizations (Schuler, 1992). Strategic HRM activities should function across levels and be systematically linked to firm strategic needs. Thus, this study highlights the importance of adopting a multilevel paradigm to investigate strategic HRM. A key overall theme of relationship-oriented collaboration appeared in the model of HRM system adopted by both hospitals.

Specifically, at the macro-level, the present study focuses on collaborative strategic moves of these hospitals to better manage their human resources. Scholars have noted the significance of considering macro-level factors in conceptualizing HRM systems (Jackson et al., 2014). In this study, macro-level factors such as government policy and regulations, industry and market conditions, and labour markets, all affect the HRM system that these hospitals adopted. Both hospitals relied on cross-organization partnerships to share and develop their employees. Cross-organization partnership enables firms to have enough and appropriate human capital for their survival and growth needs.

At the meso-level, the hospitals designed and implemented strategically targeted HR policies along with a collaborative organizational culture. HR policies and organizational culture provide shared values and guidelines for action with unit- and micro-level individuals (Schuler, 1992). The HR policies adopted by these hospitals strongly target the achievement of their strategic needs. The HRM systems consists of several HR practices that emphasize the importance of collaboration to obtain greater human and social capital needed for firm survival and growth. Moreover, at the micro-level, individual characteristics are highlighted. The model shows that

these organizations emphasized both technical and relational knowledge, skills and abilities (KSAs) of employees, which serve as the micro-foundation of human and social capital to meet their strategic needs.

4.2 Macro-Level: Cross-Organization Partnership

The hospitals in this study are in their early years of existence at the time of data collection. Compared with public hospitals, private hospitals face credibility concerns from the public because they are often considered as profit-driven companies. Members of the top management team in both hospitals indicated that their strategic needs are not only survival, but growth. Public opinion is that general hospitals “should be” large to show they are able to provide high-quality service with cutting-edge medical devices and well-trained professional workers. Such simultaneous needs are particularly challenging for new organizations because resources, including human resources, are especially constrained in early years. As the CEO who is also the founder of Hospital A stated:

We are a new force in the local healthcare service market... We founded less than two years ago, but the market and our patients will not wait for us (to grow). We have no choice but growing while surviving... because the public wants a general hospital to be well-equipped with a sufficient number of departments and medical workers.

These two hospitals were facing resource constraints due to their simultaneous strategic needs and short existence time. Specifically, growing while surviving required them to have enough financial and human resources. To grow, they need to purchase more medical equipment

and recruit more medical workers. The president of Hospital B said, “We need to be well-prepared for serving more patients, so we need more people and budget which we don’t have yet.”

The resource constraints motivated these two hospitals to look for utilizing the potential resources embedded in relationships with other stakeholders in their community. At the macro-level, to serve their simultaneous strategic needs, both hospitals adopted the cross-organization partnership model—they collaborate with public hospitals strategically to share and develop their human resources. This form of cross-organization partnership is often led by local governments to support the development of new private health institutions. It encourages public hospitals to collaborate with private hospitals for better resource allocation. Specifically, the doctors from public hospitals are allowed to use multi-site licenses to share their work time between the public and private partner hospitals. Public hospitals with established HR programs provide training and development opportunities to partner private hospitals. Although as the number of beds indicates, public hospitals still dominate the healthcare industry in China, their growth has been largely constrained by the strict budget control and long waiting time needed for budget approvals. As the public demand of healthcare service is increasing, public hospitals are having limited capability of patient acceptance and treatment. Thus, cross-organization partnership leads to a win-win result for both public and private hospitals as public hospitals undertake their social responsibility of attending public needs of healthcare and private hospitals receive more patients sent from their partnered public hospitals.

For hospitals to deliver quality service, strong HRM mechanisms aligned with organizational strategic needs are critical. It is evident that the founder (also CEO) of Hospital A held a particularly realistic view of the corporate status quo and the barriers to the design and implementation of HRM functions in private hospitals, noting that, “I have limited knowledge of

running business in the healthcare industry, and so do many of my employees in the HR department... We need help.” His insights on the strategic needs served as an action guideline in Hospital A. The following excerpt illustrates this well, “We have to actively look for help from our community. Fortunately, the municipal government helped us connect with the long-established public hospitals. With their support, we were able to partner with these two reputable public hospitals to utilize their human resources and build our credibility.” Similar statements were expressed across members of the top management team. For example, the COO of Hospital A said, “The form of cross-organization partnership provided us with the opportunity to have an intensive collaboration with our partner public hospitals. It further enables us to rely on their knowledge and experience in handling HR issues to help us develop and refine our HRM system.” The management team of Hospital A generally emphasized the strategic importance of collaborating with public hospitals to improve the design and implementation of their HRM system.

More specifically, as their strategic needs are “growing while surviving”, these hospitals rely on their public hospital partners to build their regional reputation through directly sharing the human capital and utilizing the HR programs of their partners. As the HR manager in hospital B stated, “No one knows us (in the city) although our parent company is a mature and successful investor in the private healthcare industry. We need to collaborate with ... (their public hospital partner) who has been in the city for decades... Through cross-organization partnership, we are able to have their well-known specialists working at our hospital half-time of a week.”

Another important factor that contributes to the adoption of cross-organization partnership is the labour shortage in the healthcare industry which has been widely recognized for years. This is mainly because of the increasing demand and long length of time for medical professional

training. Such labour shortages are particularly severe for private hospitals. The president of Hospital A gave a good illustration of the problem:

The labour pool for private hospitals is very small. Well-known senior doctors will not leave public hospitals regardless of the competitive compensation package we offered. The major reason is that they hope to serve more patients which we don't have yet. In addition, junior doctors will not join us because we don't have the same publicly recognized promotion system which is very important for their career development. Together, these leave us with one choice, which is to recruit the doctors who have already self-selected into private hospital jobs. However, this group is very small. What is worse is that all private hospitals are almost competing for the same group of people.

The head of proctology department in Hospital B depicted the problem as, "As long as a doctor enters the door of a private hospital, his (her) social status decreases because the public will think him (her) as a person who works for money." Moreover, the heads of nursing department in both private hospitals indicated a high mobility of qualified nurses in the labour market. The limited external labour urges both hospitals to develop their own employees. The head of neurosurgery department of Hospital A, who works at Hospital A and their public hospital partner, offered a good illustration:

When I recruit for my department in Hospital A, it is hard to compete with public hospitals for talents... The minimum educational level of the new recruits in the public hospital is a master's degree. However, in Hospital A, the new recruits have a bachelor's degree if I am lucky. Most of them are college graduates who received no systematic training. I have been investing extensive efforts in mentoring them since I became the head of this department.

The limited external labour market has forced both young hospitals to rely on the relationship with their public partner hospitals in two ways. First, collaborating with public hospitals through cross-organization partnership ensures private hospitals have a formal relationship to directly access the human resources of their public partner hospital(s). This relationship-oriented collaboration is facilitated by a recent healthcare policy reform. The new policy of doctor multi-site licenses allows doctors to work at multiple healthcare institutions and cross-organization partnerships enable doctors to work at both private and public hospitals in practice. Sharing human resources with established public partner hospitals helps new private hospitals directly solve their recruitment challenges and labour shortage. However, multi-site licenses mean that these doctors only work two to three days in the private hospitals. For a long-term solution, these young hospitals still need to develop their own human resources for a sustainable operation.

In this regard, a second strategy that adopted by both private hospitals is to utilize the HR programs of their public partner hospital(s) to facilitate the training of their own employees. Again, this was achieved through the cross-organization partnership. Specifically, two practices were used by new private hospitals. On one hand, they rely on the development programs of their public partner hospital(s) to train their new recruits by sending them to the sites of public hospitals. As indicated by the HR professionals from both hospitals, their public partner hospital(s) offered on-site training opportunities for their newly recruited doctors, ranging from one week to one month. On the other hand, in addition to training and development programs, mentoring serves as a typical practice for the development of employees in new private hospitals. These new hospitals asked the doctors who work in both sites to mentor new recruits during the time these doctors work at their site.

At the macro-level, these young private hospitals relied on a relationship-oriented collaboration with their public partner hospital(s) to satisfy the simultaneous strategic needs of survival and growth. A relationship-oriented collaboration at the macro-level takes the form of cross-organization partnership where the relationships between young private hospitals and public partner hospitals are the focal point. As the CEO of Hospital B said, “We appreciate the local government and policy reform which enable us to build this formal relationship with our partner... I dread to think what we would look like without our partner.”

4.3 Meso-Level: Strategically Targeted HRM and Collaborative Culture

At the meso-level, both private hospitals upheld the importance of relationship-oriented collaboration to their growth-while-surviving strategic needs and used the HRM systems that strategically target the achievement of their simultaneous strategic goals. In addition, they also cultivated an appropriate organizational culture to foster relationship-oriented collaboration within and across their organizational boundaries.

These two young hospitals designed and implemented an interrelated set of HR practices that targets and fosters relationship-oriented collaboration. For instance, their recruitment and selection practices highlighted employees’ ability to collaborate and maintain relationships with multiple stakeholders. The HR manager of Hospital B said, “Teamwork is central to healthcare work... Healthy and good work relationships are critical to the function of any department. Thus, when we recruit, we assess if a job candidate has the ability to work with others in this department. We also invite the heads of departments to participate in the recruitment process and make a final decision for their own departments. Often, they know which job candidates fit better with their unit”.

In a similar vein, the training and development practices strongly emphasized relationship-oriented collaborations within and across departments and/or across organizations for providing high-quality healthcare service. For example, both young hospitals used collective onboarding practices to provide new recruits with the opportunity to know each other. The training specialist from Hospital A indicated, “We arrange collective orientations for our new recruits every three months. This is to ensure they have a chance to meet with each other and build relationships. An ultimate goal is that they can work together more effectively sometime in the future when opportunities arise.” Moreover, the compensation practices of Hospital A were that if the neurosurgery department sent patients to receive treatments at their rehabilitation department, both departments had increased performance bonuses. The emphasis of such practices is on a collaborative and enhanced relationship between neurosurgery and rehabilitation departments within Hospital A for improved service effectiveness and financial performance.

Another HR practice that was intensively adopted by both hospitals is the practice of meetings and events. Specifically, Hospital B required each department to have weekly meetings to summarize the department performance of last week and share the information and takeaways that they thought were valuable to their cohort. A resident in the radiology department of Hospital B said, “It is a good opportunity for us to learn new cases from our weekly meetings. I believe that all of us benefit from these valuable experience and knowledge shared in our department because for radiology residents, learning from cases is critical to our job performance... Weekly meetings enable me to frequently communicate with other members in our department, which is helpful for me to maintain relationships with them.” In addition to frequent meetings, Hospital A encouraged the heads of departments to organize social events to help employees build informal relationships (e.g., friendship) among them. For example, the head of neurosurgery department of Hospital A

stated, “In addition to the annual party of our hospital, I often ensure part of our department budget can be used for some social events such as holiday dinners... I also bring my employees to dinners to celebrate successful surgeries we performed. I think it makes us closer to each other which contributes to the performance of our department.” Together, the set of HR practices that implemented by both young hospitals highlighted the importance of relationship-oriented collaboration in fulfilling their simultaneous needs of growth and survival.

A unique situation for emerging companies is that they are unlikely to have formal systems managed by professional HR departments (Messersmith & Guthrie, 2010). As a special case, the private hospitals of this study have a formal HR department since being founded. However, because their HRM systems are still developing, the top management of these organizations empowered heads of departments to have greater autonomy in the management of employees. The COO of Hospital A indicated, “Our first mission is to have enough middle managers who can lead each department and keep it running... Although we have limited resources, we believe the best and most effective way to allocate these resources is to let the heads of department to have the final say. We entitle the heads to as much autonomy and resources as we can... as we trust their decision-making ability and managerial experience.” This HR philosophy demonstrates the top management’s relationship with their middle managers (i.e., heads of departments) and the trust between them is likely to enhance this relationship to work collaboratively in managing employees.

To ensure the heads of department have a high-level of autonomy, Hospital A determined that their HR department only set employees’ base pay and the head of each department is responsible for determining the performance-based pay. One extreme case I found in this hospital is that the head of neurology department had concerns on the lack of motivation in collaboration among employees and the high turnover rate of this department. The head believed that “pay equity”

can increase motivation and retention. Thus, he equally distributed everyone's performance-based pay in his department. It is noteworthy that this pay difference between the head and other doctors is significantly large. During the interview, the head commented, "What my subordinates needed is just opportunities to learn. I cannot offer them such opportunities unless they stay in my department... We need each other. Without them, I will not be able to run my department." Moreover, it is not uncommon for the heads of departments in both hospitals to purchase online learning materials using their own research funding and to share workshop and conference information in their department's information-sharing channel such as WeChat groups (an online chatting application) or their hospital's information-sharing system.

The managerial philosophy held by the heads plays a profound role in shaping certain HR practices at the department level. However, the high concentration of autonomy sometimes leads to problems. An illustration from a junior resident in Hospital B describes the negative impact of such autonomy:

Before I joined this hospital, I was employed in a public hospital of a small town which has very limited number of senior doctors. I came here for better professional development and learning opportunities... I admired the knowledge and skills of my department head... However, none of my colleagues has ever shared the information of learning opportunities in our department... When I asked my leader about technical questions, she made fun of me... I wanted to learn from new cases, but we only have a few patients. The head of my department even asks us to look for our own patients and said that we must bring at least five patients per month to our department. If this goal is not achieved, my boss will cut our performance-based pay... I could not file complaints to the top management because jumping the ranks to report is informally not permitted and the top management trusts my boss more.

These divergent cases indicate the level of autonomy of middle managers, in this case, the heads of departments, largely influence the implementation of HR practices. Having a more mature HRM system as firms develop can possibly attenuate this problem. At the current stage of firm development, the new hospitals cultivate a collaborative culture to mitigate such potential negative impact. For instance, Hospital A emphasizes “mutual trust”, “unity”, and “cooperation” in their values. Hospital B has posters in each department and public area to encourage “mutual respect” and “collaboration” among employees. The top management teams also emphasized the need of cultural fit between their hospital and employees for the long-term organizational development. By fostering a collaborative culture, these new hospitals underscore their focus on both the relationship between management and employees as well as the relationship among employees. Such organizational culture further enhances the impact of their targeted HRM systems on collaboration within and across departments.

4.4 Micro-Level: Technical and Relational KSAs

At the micro-level, the two new hospitals emphasize not only technical knowledge but relational skills when they recruit, select, and develop their employees. The need for collaboration is embedded in the nature of healthcare work because “no doctor can possibly do all operations and post-surgery rehabilitations by himself/herself” (a senior cardiac surgeon, Hospital A). The high level of task interdependence in healthcare jobs requires a collaborative effort of medical professionals to work together for a provision of high-quality and effective service. In this study, most participants indicated that the two critical goals of patient care—service quality and effectiveness—largely depended on the efficiency of collaboration; this efficiency further relied on the relationship among the actors involved in the service-providing process. In this regard, the

model of HRM system adopted by these two young hospitals essentially emphasizes relationship-oriented collaboration and at the micro-level, it is reflected in individuals' competencies in building and maintaining relationships with other stakeholders (i.e., relational KSAs). Thus, in addition to technical KSAs, individuals' relational KSAs serve as the micro-foundation of relationship-oriented collaboration within and across unit and organization boundaries.

On one hand, relational KSAs enable individuals to cooperate with others for improved task completion which is a primary determinant of patient care effectiveness. This is particularly evident in emergency rooms where efficient teamwork largely determines if they can provide timely service. As the head of emergency room in Hospital B stated, "I need to know whether the new recruits have the ability to work with other members in our department ... We need people who can work in different teams during their shift. This is important to our patients' lives ... If a new recruit is not able to effectively manage our fast-paced teamwork during the probation, I will consult this employee's opinion on switching to other departments." This view mainly emphasizes the role of individuals' relational KSAs in the effectiveness of task performance which requires collaboration.

On the other hand, individuals' ability to build and maintain relationships with other stakeholders is also critical to their provision of high-quality patient service. For example, the HR manager of Hospital A stated that, "in addition to the technical knowledge that an employee needs to perform their tasks, other soft skills such as teamwork and communication skills are strongly emphasized when we recruit... As patient-centered care is what we have been promoting since we founded, we believe that an employee's competencies of efficiently communicating and understanding a patient's both physical and psychological needs are critical to the quality of care this professional provides." Building relationships with patients was also frequently observed

during residents' visits ("rounds") with patients in both hospitals. For instance, a junior resident in the neurosurgery department of Hospital A said, "Most patients, if not all, are likely to feel quite nervous when they are hospitalized... During the rounds each morning, I not only consult my patients regarding their physical conditions to give doctor advice, but also talk with them to check their mental feelings... sometimes, I use my sense of humour. I think it really helps ease their stress and pain... I learned this from my mentor."

4.5 The Model of HRM System

As shown in Figure 1, the multilevel model of HRM systems adopted by these new hospitals shows a cross-level integration of key mechanisms which targets the achievement of young firms' simultaneous strategic goals of survival and growth. At the macro-level, healthcare policy reforms and market condition contribute to the adoption of cross-organizational partnership. At the meso-level, along with collaborative organizational culture, HR policies that establish guidelines for action on employee-related issues in these new hospitals support relationship-oriented collaboration. At the micro-level, an emphasis is put on individuals' attributes which serve as the micro-foundation of collaboration based on building and maintaining relationships.

The HRM system implemented by these two hospitals enables them to obtain human and social capital through multi-level relational collaboration. The human and social capital further enable the organizations to address their strategic needs of survival and growth. Despite severe competition among private hospitals, both new organizations have survived and moved to the fifth year of existence. The growth of Hospital A is apparent: from less than 100 full-time employees when they were founded in 2017, to around 1,100 full-time employees in 2019, and more than 1,700 employees in 2021.

Although the interrelated set of HR practices in the model work systematically toward the achievement of organizational strategy, the findings of the present study indicate that recruitment, training, and compensation practices are particularly important to firms in their early years of existence. The simultaneous strategic needs of survival and growth require sufficient human capital to ensure the operation of hospitals, where “sufficient” means not only the number of employees but the relational and collaborative skills needed to effectively perform work. Recruitment and training practices directly target this need. In addition, a competitive compensation package can attract skilled job candidates to self-select into the work in private hospitals. It can also motivate employees to learn the skills needed by the organization as well as provide high-quality and efficient service.

5. DISCUSSION

The present study offers deeper insight into the HRM system adopted by new ventures. Specifically, based on rich qualitative data collected from two young private hospitals in China, the present research addressed how emerging firms manage human resources to achieve their strategic goals. By investigating the multi-level model of HRM system espoused by new ventures, this study fills the void in understanding the HRM systems with an emphasis on context, in this case, the stage of organizational development.

5.1 Theoretical Implications

The findings of the present research contribute to existing theories in three ways. Firstly, this study responds to calls for the empirical analysis of strategic HRM in young firms (Heneman et al., 2000; Messersmith & Guthrie, 2010; Welbourne & Andrews, 1996). The setting of this research generates its importance because the strategic HRM literature mainly relies on established

companies. HRM systems evolve with the development of organizations (Baron et al., 1996). The HRM system at the early stage of firm existence is likely to be different from that of the mature stage. During the process of HRM system evolution, the stage of organization development is associated with different strategic needs of firms and can be a fundamental element that impacts strategic decisions of key decision makers in an organization. Baron and colleagues in a series of studies found strong evidence of path-dependence in the evolution of employment systems in organizations (Baron et al., 1996; Hannan et al., 1996). Their findings are also in line with the evolutionary view of HRM system by emphasizing the stage of organizational development in the examination of HRM system evolution. Following this line of research, the present study provided qualitative evidence illustrating the specific model of HRM systems designed and implemented by young firms in the private context in China.

Secondly, the present research highlighted the need to engage with the plurality of collaborative internal and external stakeholders shaping and implementing an effective HRM system for young firms to meet their strategic needs. The firms in this study face two strategic needs simultaneously—they have to grow while surviving. The data analysis process makes one main finding apparent, which is that both young hospitals relied on relationship-oriented collaboration to fulfill their strategic needs. The HRM systems adopted by these emerging firms enable them to deploy resources more effectively to achieve their simultaneous strategic goals. This paper illustrated how such HRM systems function.

Strategic HRM, by its definition, is designed to facilitate an organization to achieve its strategy (Schuler, 1992; Wright & McMahan, 1992). What differentiates strategic HRM from traditional HRM is that (a) strategic HRM requires vertical alignment of HR decisions with the business strategy of the firm and (b) it also entails the horizontal coordination of the HRM practices

in an HRM system to create synergies (Wright et al., 2018). This important characteristic of strategic HRM depicts that a well-designed HRM system should consider multi-level factors (Jackson et al., 2014).

To survive and grow, the young firms in this study design their HRM systems with a close consideration of macro-, meso-, and micro-level factors. Specifically, at the macro-level, policy and regulations as well as labour market conditions in the healthcare industry play a key role in these young hospitals' adoption of cross-organizational partnership. At the meso-level, considering the human and social capital needed by firms at the current stage of development, an interrelated set of HR practices that is targeted to firms' strategic needs of survival and growth is implemented, along with a cultivation of collaborative organizational culture. At the micro-level, individual attributes of technical and relational KSAs are emphasized when these new hospitals recognize the critical role of micro-foundation in enabling relationship-oriented collaboration.

Both the HRM and entrepreneurship literature have called for the HRM research to take context more seriously (e.g., Jackson & Schuler, 1995; Latham, 1988, Burton et al., 2019). Institutional theory sees organizations as social entities that seek legitimacy and approval for their action in socially constructed environments (Meyer & Rowan, 1977). Organizations seek acceptance from multiple stakeholders because they control various needed resources. Externally, institutionalization relates to pressure from the state (e.g., laws and regulations), the professions (e.g., licensure and certification), and other organizations who compete for resources with the firm. For emerging companies, institutional factors (e.g., multi-site licenses in this study) along with key stakeholders play an important role in shaping firm HRM system. For instance, recruitment and selection is an HR practice that is greatly important to new ventures because in early years of firm existence, each newcomer has significant influence on the formation of shared team mental

models in new department (Heneman et al., 2000). This is particularly evident in small-sized young firms. In addition, local labour market conditions profoundly affect propensities for job-hopping (Fallick, Fleischman, & Rebitzer, 2006) and labour mobility (Dahl & Sorenson, 2012). A well-designed HRM system thus needs to take potential factors, not limited to institutional level elements but multi-level factors in the context seriously into consideration to ensure the effectiveness of HRM systems.

Thirdly, the findings of the present research shed light on the importance of integrating a relational perspective into strategic HRM. The fundamental mechanism underlying the HRM system identified in the present research, which enables new ventures to achieve their dual strategic goals, is the combination of social resource management and HRM through collaboration, which, as the overall theme of the model shows, is relationship-oriented.

General approaches to strategic HRM such as high commitment HRM system highlight intensive investments into employment relationships (Collins & Smith, 2006) through practices that focus on the development of internal labour markets as well as employee long-term growth (Kehoe & Collins, 2017; Liao, Toya, Lepak, & Hong, 2009). Strategic HRM scholars have expanded their focus beyond such general approaches to more targeted approaches to HRM design to elicit desired employee performance that is critical to meet firm strategic needs of the time (Kehoe & Collins, 2008; Liao et al., 2009; Su et al., 2017). For example, Collins and Clark (2003) examined how a network-building HR system contributes to firm performance through professional network development of top managers.

The strategic HRM literature has shown that HRM systems support organizational learning and further superior firm performance through their influence on stocks of human and social capital (Lepak & Snell, 1999; Ray et al., in press; Youndt et al., 1996; Youndt & Snell, 2004). Research

has found that networking and relationship-building behaviours of employees are critical to the development of social capital (Collins & Clark, 2003; Kehoe & Collins, 2017).

Indeed, the relational perspective has received attention from HR scholars during the times of crisis (Kim, Vaiman, & Sanders, 2022). For instance, at the organizational level, Kahn, Barton, and Fellows (2013) proposed a relational perspective on crises, highlighting the importance of building a system that ensures the relational health of an organization to overcome the crisis and secure longer-term success. Gittell and colleagues (2006) compared the pattern of recovery among firms in the airline industry after the September 11 terrorist attacks. Their findings suggest that firms invested in relational resources have shorter recovery time than others. However, to date, a limited number of studies in strategic HRM has systematically integrated a relational perspective into the theory (Soltis, Brass, & Lepak, 2018). The present study addressed this void by investigating the role of collaboration in the HRM system adopted by new ventures.

Lastly, the multi-level model of HRM systems in the present research responds to the growing calls for understanding HRM systems through a multi-level framework. The strategic HRM literature is largely focused on the organization level of analysis (Combs, Liu, Hall, & Ketchen, 2006; Devaraj & Jiang, 2019). Yet, scholars have acknowledged that HR practices contribute to organizational and/or unit performance first through their impacts on individual attitudes and behaviours (Kaufman, 2015). Moreover, the extant literature has noted that HRM systems contribute to firm performance through the development of human capital (Liao et al., 2009). Collective human capital is dependent on individual-level human capital (Ray et al., in press). The findings of this study suggest that individuals' relational KSAs serve as the micro-foundation of collective-level human capital.

5.2 Practical Implications

The present study also generates important practical implications. Firstly, to survive and grow, every organization needs appropriate HRM programs (Boxall et al., 2019). The initial HR practices used by young firms is often initiated by the founding entrepreneur(s) “whose actions ignite it” (Boxall et al., 2019, p. 3-4). However, problems occur as entrepreneurs play multiple roles and lack professional knowledge about HRM. In addition, as inertia is established, the HRM system implemented by a company in its infancy will have strong influence on the subsequent evolution of organizational arrangements and employment practices in this firm (Hanna et al., 1996). Organizations should pay explicit attention to the strategic adoption and implementation of their HRM systems in the early stages of firm formation to actively avoid any lasting negative effects on the organization’s ongoing performance. The model provided in the present study offers a good reference for young organizations.

The findings of this study can be generalized to young organizations. The healthcare context was selected because this setting has several key features such as high uncertainty, crisis and turbulence, which are of great importance to emerging firms. The fast-changing business context has brought increased challenges to organizations—high level of uncertainty, severe competition, and increased task interdependence—which requires firms to quickly adapt their organizational structures and HR practices correspondingly. In addition, the private hospital setting includes inclusive types of individuals, such as highly educated professionals, administrative workers, and low-skilled employees—that well represent a complicated mix of labour-management relations. In this regard, the findings of the present research provide practical implications for young organizations in general.

Moreover, the present study spotlights the challenges that new ventures often face — resource constraints. The findings of this study suggest that when young firms encounter such problems, they may use the multilevel model designed and implemented by the new hospitals in this study. Specifically, at the macro-level, new ventures are suggested to look for government policy and regulations to obtain potential support and additional resources through strategic partnership with other organizations. At the meso-level, the findings of this study suggest that new ventures adopting relationship-oriented HRM policy and collaborative culture to effectively deploy both human and social capital within firms. At the micro-level, this study sheds light on the role of individual attributes and recommended new ventures to focus on employees' KSAs that can be used for performing tasks and building relationships.

6. STUDY LIMITATIONS AND FUTURE RESEARCH

In terms of limitations, this study mainly focused on the role of internal stakeholders of firms on shaping HRM systems. The authors' limited ability to get information from external stakeholders such as the regional government, healthcare industry, or hospital patients is recognized as a limitation. Future studies would benefit from a more inclusive view by examining the role of both internal and external stakeholders in influencing HRM systems espoused by new ventures.

Moreover, the findings of this study relied on data collected in two private hospitals. Although the number of interviews conducted in this study substantially exceeds the suggested sample size for a study of this nature and theoretical saturation was reached, collecting data from more organizations may benefit future research in further understanding how HRM systems function and influence multilevel outcomes in various types of new ventures. For instance, future

research can use quantitative research method to develop a reliable and valid measure of the relational and collaborative HRM systems conceptualized in this study. Also, future research can test the impact of such HRM systems on organizational performance such as firm operational performance, financial performance, and innovation.

Future studies can also explore several research questions arisen from the model presented in this study. For example, does the multilevel design of HRM systems adopted by these new firms contribute to the strength of HRM systems which further generate greater impact? How does the cross-organizational partnership influence new ventures' partner organizations? In particular, have these partner firms changed their HR systems after partnering with new ventures? If so, what are the changes? At the meso-level, how and to what extent does organizational culture influence the effect of HRM systems on organizational and individual performance in new companies? At the micro-level, is there empirical evidence showing that more use of relational KSAs improves individual and unit performance? Will the use of relational KSAs affect individual employees' attitudes and discretionary behaviours?

In addition, the data collected for the present study has limited knowledge on investigating how young firms transition between different HRM approaches such as from informal to formal practices, from the adoption of several single practices to a system of HRM practices. A recent review of HRM in entrepreneurial firms (Van Lancker et al., 2022) called for studies to examine the processes of how HRM systems are implemented by emerging firms. Future research should examine the activities through which HRM systems are designed and implemented and what factors influence HRM processes. This study noted the evolution of HRM systems at different stage of organization existence but was unable to follow these organizations over time due to the COVID-19 pandemic. A fundamental broad question for future studies to investigate is what

factors impact the evolution of HRM systems? Our knowledge of how HRM systems evolve over time is limited without well-designed longitudinal studies. Longitudinal studies can also help us understand if adopting the HRM model found in the present study leads to long-term survival and growth of new ventures.

7. CONCLUSION

The changing business context with increased turbulence and interdependence has challenged the traditional HRM approach which mainly focuses on the attraction, retention, and motivation of high performing individuals. The problem can be detrimental to the survival of new ventures. A more novel strategic HRM approach is the one that help young firms develop human and social capital simultaneously and respond quickly to fast-changing market needs.

The present study used a inductive approach to exploring the model of HRM systems adopted by new ventures to facilitate the achievement of their dual strategic needs of survival and growth. The findings show that new ventures utilize a multilevel model of HRM systems to obtain relationship-oriented collaboration. Specifically, at the macro-level, they rely on their partner firms' human resources and HRM systems through cross-organizational partnership. At the meso-level, young firms not only design targeted relationship-oriented HR policies but also cultivate a collaborative culture to enhance employee relationship building within firms. At the micro-level, new ventures emphasize the role of individual KSAs as the micro-foundation of human and social capital that needed for their survival and growth. The findings of this study suggest that a theme of relationship-oriented collaboration surfaces among the multi-level factors that form the HRM system of emerging organizations. This study offers theoretical and practical guidance by

contributing to the gaps remaining in our theoretical understanding of the HRM systems espoused by new ventures to achieve their strategies.

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TABLE 1. Interview Sample

	Founder /CEO	COO	President	HR	Department Head	Employee	Total
Hospital A	1	1	1	3	10	12	28
Hospital B	1	1	1	2	7	11	23
Total	2	2	2	5	17	23	51

TABLE 2. Example Interview Questions

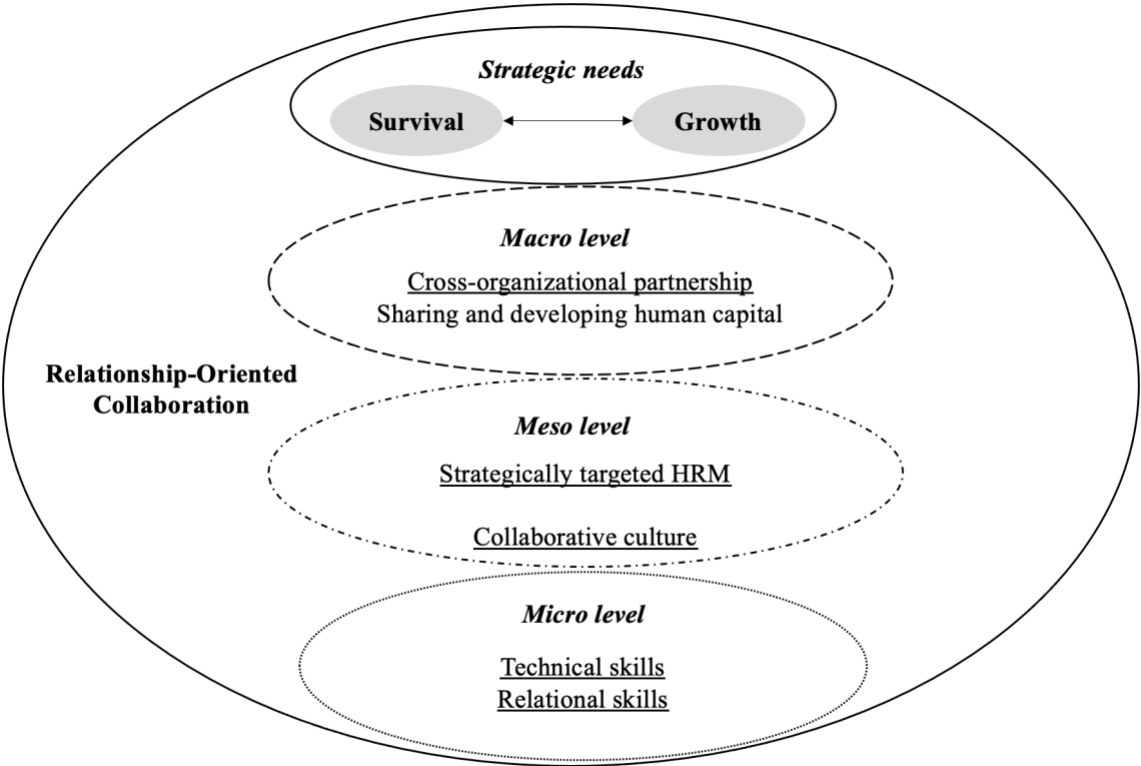
Participant	Examples
<u>Top Management Team</u>	What strategy do your hospital adopt now? Has it changed since the hospital was founded?
Founder/CEO/	What do you think is the competitive advantage of your hospital?
COO/President	What are core competencies of your hospital?
	What are the HR practices that the hospital had when the hospital was just founded? And now?
	What is the philosophy that you hold in managing employees of the hospital?
<u>Middle Management</u>	What are the HR practices that your hospital implements?
Department heads	Have the HR practices changed since you join the hospital?
	How would you describe the culture in your organization?
	Do you have any autonomy in managing the employees in your department? Please elaborate.
	Please describe the recruitment process.
<u>Employee</u>	In your opinion, what does the hospital emphasize when recruits people?
	Have you attended any onboarding/training programs? Please elaborate.
	What do the HR programs implemented in your hospital emphasize?

Note. The interview questions listed in this table were organized in a way to show the emphasis of participants' positions in the organization. During interviews, participants were asked any questions that related to their roles which are not limited by the categorization listed in this table.

TABLE 3. Interview and Documentary Data Coding Structure

Overall Theme	Second Order Codes	First Order Codes
Relationship	Strategic needs	Survival
		Growth
	Cross-organization partnership	Labour market condition
		Sharing human capital resources
	Strategically targeted HRM	Recruitment and selection
		Training and development
		Performance management
Meetings and social events		
Collaborative culture	Organizational values	
	Mutual trust	
Individual KSAs	Technical KSAs	
	Relational KSAs	

FIGURE 1. The Multilevel Model of HRM System in New Ventures



APPENDIX: INTERVIEW PROTOCOL

Introduction (10 minutes)

Thank you for participating this research.

As you know, I am interested in finding out about understanding the human resource management practices that used in your organization as well as your views of how these human resource practices affect the overall performance of your organization/department and your own work.

I will ask a few questions about your experiences and opinions. There are no right or wrong answers.

Timing of interview will be approximately 30 to 60 minutes. You may withdraw at any time from interview starts as a whole or you can choose not to answer any particular questions.

The conversation is being recorded for us to transcribe and look at later. Only the two people in our research team will hear the recording, and none of your personal details will appear on the transcript. We will be writing up what we find to be published as an article and presented at conferences or seminars; again, no identification information can be found in that. We may use extracts from what you say, but they will be anonymous.

We are happy to send you a brief report of the project findings if you would like.

Before we start, I hope to check if you have any questions. You are also welcomed to ask me questions during the interview process. You can always contact me later if you think of anything.

If you are okay with moving forward, I would like to get your consent to participate in this study. Please sign the consent form in front of you. If you need more time to read it, please feel free to take your time.

Warm up questions

Thank you for agreeing to be interviewed today. Would you mind telling me about yourself (e.g., your job title, your education background, your work experience). Could you please briefly tell me about what you will do in a normal day of your work here at this hospital (i.e., your work content)?

Main question

Please tell me about the human resource management practices that your hospital uses.

Probes

Do you think the implementation of human resource practices relate to the strategy of your hospital? If so, how?

Follow-ups

What strategy do your hospital adopt now? Has it changed since the hospital was founded?

What do you think is the competitive advantage of your hospital?

What are core competencies of your hospital?

What are the HR practices that the hospital had when the hospital was just founded? And now?

What is the philosophy that you hold in managing employees of the hospital?

Do you think the human resource practices that your firm implements affect your work? If so, in what ways?

How would you define the relationships in your organization, including the relationships among coworkers within your unit and across units, as well as employee-management relationship?

Have you experienced any change of human resource practices in your organization?

What do you think cause such changes?

What is your response to such changes? What did you do?

Do you think such changes affect your work? If so, in what ways?

Have the HR practices changed since you join the hospital?

How would you describe the culture in your organization?

Do you have any autonomy in managing the employees in your department? Could you please tell me about it using examples?

What does the recruitment and selection process look like in your hospital/department?

In your opinion, what does the hospital emphasize when recruits people?

Have you attended any onboarding/training programs? Could you please tell me about it using examples?

What do you think the HR programs implemented in your hospital emphasize? Could you please give me an example to show what makes you think so?

Closing statement

Thank you again for your time. All your comments are valuable for our study. Please take the debriefing form with you and please feel free to contact me or my research supervisor at anytime you have concerns or questions regarding this study.

CHAPTER 3

VALIDATION OF A STRATEGIC RELATIONAL HUMAN RESOURCE

MANAGEMENT MEASURE

ABSTRACT

Social relationships between employees and stakeholders as well as among employees generate great impact on the effectiveness of organizations. This is particularly evident for firms with more complex structure and higher needs of task interdependence. However, a void remains in understanding how strategic human resource management (HRM) helps with individuals' knowledge, skills, and abilities (KSAs) in relationship-building. This paper addresses this deficiency by emphasizing the role of employees' relational KSAs—the KSAs for building and maintaining relationships—in strategic HRM. The paper follows a rigorous procedure to develop a valid and reliable measure of strategic relational human resource management (SRHRM). I contend that the primary purpose of implementing SRHRM is to enhance employees' relational KSAs, which complement their technical KSAs, to create the micro-foundation of human capital resources. SRHRM provides a fundamental basis of combining the essence of human and social capital simultaneously and enables employees to build and maintain various relationships in workplace which, in turn, improves organizational performance in multiple aspects. Drawing from four samples from both North America and Asia, I tested content validity, internal consistency reliability, convergent, discriminant, and criterion-related validity of the SRHRM measure. Evidence of the present study supports the use of the SRHRM measure in future empirical inquiries.

Keywords: Strategic HRM, human capital, social capital, social relationship, validation.

1. INTRODUCTION

The human resource management (HRM) literature has emphasized the use of HR practices to manage human capital—the organizational stock of individual employees’ technical knowledge, skills, and abilities (KSAs) (Nyberg, Moliterno, Hale, & Lepak, 2014; Snell & Dean, 1992; Youndt & Snell, 2004)—to create value for organizations (Methot, Rosado-Solomon, & Allen, 2018; Soltis, Brass, & Lepak, 2018). Strategic HRM researchers, drawing on resource-based theory (Barney, 1991), are interested in exploring how a cohesive HRM system (as opposed to individual practices) constitutes a source of competitive advantage through a purposeful firm investment in human capital. Traditionally, they view human capital as a collective or unit-level construct, which is also known as human capital resources (Nyberg et al., 2014; Wright, Dunford, & Snell, 2001; Wright & McMahan, 1992; Youndt, Snell, Dean, & Lepak, 1996).

However, for firms whose organizational structure is complex and task interdependence is high, social relationships could play a key role in determining the organizational success or survival (de Vries, Hollenbeck, Davison, Walter, & van der Vegt, 2016; Lengnick-Hall, Lengnick-Hall, Neely, & Bonner, 2021; Methot et al., 2018). Previous research has highlighted the role of coordination (Grigoriou & Rothaermel, 2014) and relational coordination (Gittell, Seidner, & Winbush, 2010) in individual and organizational productivity. In addition, prior work has shown the positive impact of social capital—the sum of actual and potential resources embedded in relationships (Alder & Kwon, 2002; Leana & Van Buren, 1999)—on various outcomes, such as creativity (Grigoriou & Rothaermel, 2014; Han, Han, & Brass, 2014), innovation (Soo, Tian, Teo, & Cordery, 2017), knowledge transfer (Kaše, Paauwe, & Zupan, 2009), and learning from failures (Carmeli & Gittell, 2009). Therefore, pioneering scholars have sought to integrate human capital and social capital to exploit their joint benefits (Nyberg & Wright, 2015). Indeed, Soltis and

colleagues (2018) contended that “social resources in a workplace need to be acknowledged, understood, and managed in conjunction with human capital in order to achieve the biggest gains for an organization” (p. 562).

The existing strategic HRM research has examined various relational mechanisms. However, the literature has mainly focused on the organizational level of analysis and unit-level human capital (Wright, Nyberg, & Ployhart, 2018), but largely ignored the role of individual attributes in which collective-level human capital originates (Ray, Nyberg, & Malttarich, in press). Recently, scholars (Wright et al., 2018) have acknowledged that the process through which HR practices influence organizational performance indeed take place within individuals (e.g., attitudes and behaviours, see Wright & Nishii, 2013). In addition, HRM systems have in the past been seen as a tool for improved firm performance through the HRM system’s influence on an organization’s social structure (Evans & Davis, 2005). However, the potential of HRM systems to help firms directly obtain and develop their needed human capital remains unexplored.

To bridge the aforementioned research gaps, I underscore the direct impact of HRM systems on the micro-foundation of human capital resources (i.e., KSAs of individuals) in conceptualizing a strategic relational HRM (SRHRM) system that combines human and social capital for improved organizational performance. Specifically, SRHRM is defined as a comprehensive set of HR practices that helps employees build and maintain workplace relationships through a systematic development of their relationship-building KSAs (i.e., relational KSAs). SRHRM emphasizes the cultivation of an important set of human capital resources that is created from the emergence of individuals’ relational KSAs. Different from a traditional emphasis of human capital on technical attributes (Becker & Gerhart, 1996), relational KSAs reflect individuals’ attributes of knowing what to do when they attempt to build and maintain various

types of relationships for efficient task completion or superior performance. By increasing the relational KSAs which serve as the micro-foundation of human capital resources, SRHRM can further contribute to firm performance.

The present study makes four key contributions to strategic HRM theory. First, this study responds to recent calls for a relational approach to managing employees (Hollenbeck & Jamieson, 2015; Kaše, King, & Minbaeva, 2013; Lengnick-Hall et al., 2021; Soltis et al., 2018). The relational perspective emphasizes the role of relationships in linking HRM systems and organizational performance (Gittell et al., 2010), which is particularly important for organizations with complex structures and high task interdependence. I address this research gap by introducing SRHRM which is an amalgamation of strategic HRM and social relationships.

Second, this study underscores an important individual attribute—relational KSAs—a critical but largely ignored micro-foundation of human capital resources (Coff & Kryscynski, 2011). I suggest that SRHRM enhances employees' relational KSAs, which are complementary to technical KSAs, to create sustainable human capital resources for competitive advantage. SRHRM not only improves employees' relational KSAs but also motivates and provides opportunities for them to build and use such KSAs for efficient task completion.

Third, measurement accuracy and construct development concerns have hindered theory building and hampered research progress in the field of strategic HRM (Boon, Den Hartog, & Lepak, 2019; Jackson, Schuler, & Jiang, 2014; Jiang & Messersmith, 2018). I share this view that both conceptualization and measurement are critical for advancing theory development on HRM systems (Boon et al., 2019; Jackson et al., 2014). In this regard, this study adopts a rigorous development and validation procedure to develop a measure of SRHRM using several independent samples.

Fourth, the findings show that the implementation of SRHRM is positively related to multidimensional organizational performance, consistent with my predictions. In addition, this study offers important practical implications by suggesting that organizations should explicitly recognize the strategic value of relationships and emphasize individuals' relational attributes in managing their human resources. The SRHRM measure also identifies the HR practices available for enhancing and leveraging relationships in the workplace.

2. THEORETICAL DEVELOPMENT

The relational view of strategic HRM is emerging in the field with increasing attention from scholars (e.g., Gittell et al., 2010; Lengnick-Hall et al., 2021; Soltis et al., 2018). The extant research, however, has conceptualized it with diverse emphases, including a focus on the relationships between employees (Gittell et al., 2010; Kehoe & Collins, 2017), the relationship between an organization and its employees (Chuang & Liao, 2010; Sun, Aryee, & Law, 2007), employee social networks (Collins & Clark, 2003; Kim, Su, & Wright, 2018; Methot et al., 2018; Soltis et al., 2018), and social capital (Leana & Van Buren, 1999; Lengnick-Hall et al., 2021).

Despite the diversity of relational foci adopted by scholars, existing studies mainly suggest that HRM systems can influence the structure and quality of employee relationships, which further affect organizational outcomes (Evans & Davis, 2005; Methot et al., 2018). For example, Collins and Clark (2003) argued that the use of a set of network-building HR practices can systematically develop and sustain social networks of top management teams, which may bring them timely and relevant information for high-quality decision making. Evans and Davis (2005) argued that high-performance work systems (HPWS), one of the most well-researched types of strategic HRM systems, enhance the financial efficiency and flexibility of organizations through internal social

structure (i.e., the nature of relationships and the behaviours associated with relationships). Gittell and colleagues (2010) proposed a relational model of HPWS by which a firm can foster employee-employee relationships for effective coordination.

Scholars have noted that HRM systems are able to “not only enhance the knowledge, skills, and abilities (KSAs) of the human capital pool but also change the nature of employee relationships” (Evans & Davis, 2005, p. 762). Although the existing HRM systems have the potential to affect individuals’ skills and commitment to develop relationships, none has yet explicitly spotlighted this potential as a primary emphasis of HRM systems (Gittell et al., 2010). For example, Kehoe and Collins (2017) conceptualized a relationship-oriented HR system to help with employee relationship-building. This HRM system provides specific support for units’ access to knowledge within and across unit and organizational boundaries. The underlying mechanism of how this HRM system functions is to offer “the requirements of interpersonal exchange in light of the physical and social separation of employees in a multiunit structure” (Kehoe & Collins, 2017, p. 1224). Specifically, the relationship-oriented HR systems positively influence unit access to knowledge by fostering a social context that values interpersonal exchanges and removes relevant physical and social barriers. Although this type of HRM systems may strengthen relationships in the workplace, it essentially considers the HRM systems as a tool to provide an appropriate organizational structure for employee relationship-building. Such a conceptualization largely ignores the complexity of relationships in the workplace and the uniqueness of individual attributes.

HRM systems can be redesigned beyond a traditional way of providing or reinforcing an influential organizational structure which allows employees to develop relationships based on the position they are at. A more novel HRM system can enable employees, regardless of their positions in an organization, to work effectively and collaboratively through successful relationship-

building. The underlying mechanism should be, as Evans and Davis (2005) suggested, ensuring each individual has the competencies and commitment to build and maintain relationships in the workplace. Indeed, human capital scholars have called for a focus on individual attributes from which collective human capital originates (Ployhart & Moliterno, 2011; Ray et al., in press). Organizational theorists have envisioned that every member is responsible for organizational success (Heckscher, 1994). A strategic HRM system that enables each employee to have the ability for relationship-building entitles them to become self-sustained and autonomous in developing the necessary relationships to achieve better job performance. It also provides the micro-foundation of collective human capital for superior firm performance. In this regard, I propose that SRHRM has this potential.

2.1 SRHRM and Relational KSAs

I define SRHRM as a cohesive system of HR practices for helping employees build and maintain relationships. At the core of SRHRM, I spotlight the relational KSAs—the attributes of knowing what to do when an individual attempts to build and maintain relationships for task completion or performance improvement. Relational KSAs of individuals provide the direct micro-foundation of human capital resources (Coff & Kryscynski, 2011; Ployhart & Moliterno, 2011) and the social capital needed for the emergence of human capital (Ray et al., in press). SRHRM systematically implements a bundle of HR practices that help employees develop their relational KSAs, motivate them to use their relational KSAs, and provide the opportunities for employees to practice and utilize their relational KSAs.

Scholars have highlighted the role of individuals, as the micro-foundation of resources and capabilities (Coff & Kryscynski, 2011), in sustaining competitive advantage (Abell, Felin, & Foss,

2008). Indeed, unit-level human capital resources, as the general focus of strategic HRM literature, is rooted in the emergence of individuals' KSAs (Ployhart & Moliterno, 2011; Ray et al., in press). I thus spotlight the critical role of individuals' attributes in developing the SRHRM measure.

Relational KSAs are core to the SRHRM conceptual framework. Per my definition, relational KSAs refer to employees' capacities to build and maintain various types of relationships in the workplace. Relational KSAs have the potential to sufficiently complement technical KSAs to function as the micro-foundation of a particular set of human capital for effective relationship-building, and, in turn, contribute to task completion or performance improvement. The conceptualization of relational KSAs has its roots in several concepts in previous research. For instance, Thorndike (1920) described social intelligence as "the ability to understand men and women, boys and girls—to act wisely in human relations" (p. 228) which offers the foundation for following social skill research (Hochwater, Witt, Treadway, & Ferris, 2006). Social skill, defined as the "ability to perceive interpersonal or social cues, integrate these cues with current motivations, generate responses, and enact responses that will satisfy motives and goals" (Norton & Hope, 2001, p. 60), has been adopted and investigated in various studies (e.g., Riggio, Riggio, Salinas, & Cole, 2003; Witt & Ferris, 2003). A recent sociological view of social skill is "the ability to induce cooperation among others" (Fligstein, 2001, p. 112) highlighting that the primary goal of using social skill is to engage other actors in collective action. In fact, some studies use terms such as social skills, collaborative skills, or relational capabilities interchangeably (e.g., Grigoriou & Rothaermel, 2014).

The relevance of the concepts for task completion, however, are not emphasized in the aforementioned definitions. Stevens and Campion's (1994) discussion of KSAs for teamwork has shown some earlier attempts to solve this concern. Based on a review of the literature on groups,

the authors suggest that KSAs for teamwork, a distinct set from technical KSAs, include two major dimensions: interpersonal KSAs for conflict resolution, collaborative problem solving, and effective communication, as well as self-management KSAs for managing team performance. Built on the essence of the above concepts, the definition of relational KSAs addresses the set of human capital facilitating relationship-building and maintenance for performance purposes.

Existing evidence shows the benefits of relational KSAs in improving leader effectiveness (Riggio et al., 2003), increasing training efficacy (Ferris, Bergin, & Gilmore, 1986), and supplementing general mental ability or conscientiousness for job performance (Ferris, Witt, & Hochwarter, 2001; Witt & Ferris, 2003). In addition, relational KSAs play a critical role in knowledge transfer and combination (Grigoriou & Rothaermel, 2014; Nahapiet & Ghoshal, 1998), job performance and success (Ferris et al., 2001), and leader effectiveness (Riggio et al., 2003).

This set of human capital, however, has been largely ignored in the traditional human capital literature. For human capital to create competitive advantage, three key mechanisms are often underscored: firm-specificity, social complexity, and causal ambiguity (Coff & Kryscynski, 2011). I argue that relational KSAs have the potential to sustain competitive advantage through all three mechanisms, particularly with the increasingly interconnected nature of work and complex business environments.

First, relational KSAs create firm-specificity through intricate combinations of attributes which generate idiosyncratic bundles of human capital (Lazear, 2009). Relational KSAs encompass diverse types of KSAs such as interpersonal skills, conflict resolution skills, collaborative skills, teamwork ability, network-building skills, communication skills, and so forth. The idiosyncratic bundles of human capital facilitate firm-specificity and limit employee mobility (Coff & Kryscynski, 2011). Second, the value of relational KSAs is embedded in complex social

systems created by SRHRM. SRHRM aims at facilitating employees to build and maintain constellations of relationships, which, in turn, makes the webs of social relationships highly complex. Such social systems will significantly increase the barriers for competitors to imitate (Lado & Wilson, 1994) and decrease the value of a single employee's relational KSAs in isolation of the complex social systems (Coff & Kryscynski, 2011). Third, the unknown mechanisms linking the relational KSAs to performance contribute to causal ambiguity. The stock and use of relational KSAs are highly tacit to individual employees, which prevents competitors from imitation. Thus, through firm-specificity, social complexity, and causal ambiguity, relational KSAs create promising resources for sustainable advantage.

I argue that relational KSAs, similar to social skill, are trainable (Hogan & Shelton, 1998; Riggio, 1986) by the implementation of relevant HR practices (Lengnick-Hall & Lengnick-Hall, 2003). Specifically, I suggest that SRHRM not only facilitates the development of relational KSAs but motivates and provides opportunities for employees to practice and utilize their relational KSAs more effectively.

Based on a review of existing strategic HRM literature and in particular the studies that employed relationship-oriented concepts (e.g., Collins & Clark, 2003; Collins & Smith, 2006; Gittell et al., 2010; Kehoe & Collins, 2017), eight strategic relational practices are included in SRHRM which work systematically to enhance the relational KSAs of individuals. Specifically, the practices are strategic relational recruitment and selection, training and development, performance appraisal and feedback, compensation and rewards, promotion, job design, participation and involvement, and meetings and events. Table 1 shows the definitions and examples of each strategic relational practice included in SRHRM.

INSERT TABLE 1 ABOUT HERE

The conceptualization of SRHRM underscores the fundamental role of relational KSAs as the micro-foundation of human capital resources. These practices should be implemented as a cohesive system to gain the synergic effects created by SRHRM on firm performance. In addition, a recent review has shown that a paucity of existing scales in strategic HRM followed a rigorous measurement development process, which has largely hindered the theory advancement of the field (Boon et al., 2019). Thus, a reliable and valid scale of SRHRM that fits with its theoretical conceptualization is needed. A primary goal of this study is to develop a measure of SRHRM to be used in future empirical research.

3. DEVELOPMENT AND VALIDATION OF THE SRHRM MEASURE

This paper developed a measure of SRHRM following the rigorous scale development process suggested by Hinkin (1995, 1998). The process involved four phases. In phase 1, I generated items based on the extant literature and conducted content validity assessment (Sample 1). In phase 2, I assessed the scale by conducting exploratory factor analysis (EFA) using 302 responses from senior HR professionals in U.S. and Canada for initial factor structure and reliability assessment (Sample 2). In phase 3, I conducted a series of EFA and confirmatory factor analyses (CFA) using 203 responses from HR managers in China for the factor structure confirmation as well as SRHRM scale's convergent and discriminant validity (Sample 3). In phase 4, I used data from 98 Chinese firms to examine criterion-related validity (Sample 4) and to compare the predictive value of SRHRM measure with other existing strategic HRM measures (i.e., relationship-oriented HR systems, HPWS, high-commitment HR systems).

3.1 Phase 1: Item Development and Content Validity Assessment (Sample 1)

3.1.1 Item Development

I developed items using a deductive approach (Hinkin, 1995, 1998). Based on the extant literature on strategic HRM, human capital, social capital, and social network analysis, I developed an initial pool of 77 items that corresponded to each of the aforementioned strategic relational HR practices. Among them, 53 items were adapted from the existing HRM measures that emphasized relational contents (e.g., When recruiting employees, priority is placed on candidates' potential for relationship building and maintenance) and 24 items were originally developed relational-KSAs-oriented items (e.g., Relational KSAs are included in recruitment advertisements). In line with the approach taken by Way et al. (2015), these initial items were used for content validity assessment.

3.1.2 Content Validity Assessment

I invited nine prestigious scholars in HR, social capital, and social network analysis as well as six senior HR managers and consultants from Canada and China to evaluate and comment on the appropriateness of the items. I refined the wording of items based on the experts' comments and deleted 12 items based on their evaluations; 65 items remained in the item pool (47 adapted items and 18 relational-KSAs-oriented items). I then asked ten PhD students in HRM and industrial relations studies at a major public university in Canada to serve as "naïve" respondents for a Q-sort activity. I used Qualtrics to send each participant an online survey with the 65 items listed in random order and descriptions of each of the strategic relational HR practices. Under each item, drop-down choices with all strategic relational HR practices and an "others" option were listed. Set as single choice questions, respondents were asked to select the only HR practice that he or

she thought the item matched, or choose the “others” option if the respondent thought the item describes none or more than one of the HR practices listed above. I only retained the items with at least eight of the ten respondents correctly matching the item with its definition, which exceeded the 75% minimum agreement criterion (Hinkin, 1998). After the Q-sorting process, 39 items remained, including 15 relational-KSA-oriented items and 24 adapted HRM items. The purpose of the present measurement development process is to examine the validity of newly developed items that focus on relational KSAs. The other items were used as the benchmark and reference point for raters during content validity assessments. Thus, I only kept the 15 relational-KSAs-oriented items in my final item pool.

3.2 Phase 2: Initial Factor Structure Assessment (Sample 2)

3.2.1 Sample and Procedures

In line with my conceptualization of SRHRM, I included the 15 relational-KSAs-oriented items in a survey and Cint (www.cint.com), a survey research firm, was contracted to recruit respondents. Cint partners with more than 4,500 research panels and over 140 million potential research participants across the world. Cint first randomly selected and sent a survey invitation to potential participants who work in the U.S. or Canada, and a link to a qualification question that asked if participants had three or more years of working experience in HRM. Participants who were qualified, then, were directed to the online survey. The respondents were asked to rate (using a seven-point Likert scale) the extent to which their organizations implement the described HR practice. Each item was listed in a random order. An attention check question was included to ensure quality of responses. In total, 310 participants passed the qualification test and successfully completed the survey, and 302 responses are usable. In this sample, the average age of participants

is 44; their average organizational tenure is 11 years. A variety of industries were represented, with 12% percent in manufactory industry, 27% in service industry, and 24% are from unionized organizations.

3.2.2 Exploratory Factor Analysis Results

The 302 responses to the 15 items were factor analyzed using principal axis factor extraction with an oblique promax rotation (Hinkin, 1998). Eigenvalues greater than 1.0 and a scree test were used to retain factors. Items with loadings of 0.40 or higher on only one factor were used to define the factor. Consistent with prior studies (e.g., Collins & Smith, 2006; Gittell et al., 2010; Takeuchi, Chen, & Lepak, 2009), the exploratory factor analysis (EFA) results yielded a single factor solution that accounted for 92% of the variance, with all 15 items loading (> 0.4) uniquely on only one factor (a list of 15 items is presented in the Appendix). The unitary index approach is recommended by strategic HRM researchers when focusing on the overall HRM system. One of the fundamental principles of the strategic HRM literature is that the impact of HRM practices is optimized when based on the entire system of HRM practices instead of examining individual HRM practices (Huselid, 1995; Liao, Toya, Lepak, & Hong, 2009). In addition, the use of a unitary index was supported by good internal consistency reliability estimates for the SRHRM scale ($\alpha = 0.92$). Overall, the EFA results and internal consistency reliability estimates met good standards for scale development. The Cronbach's alpha coefficient and item loading matrix are presented in Table 2.

INSERT TABLE 2 ABOUT HERE

3.3 Phase 3: Convergent and Discriminant Validity Assessment (Sample 3)

3.3.1 Sample and Procedures

In another independent sample of senior HR managers, I first randomly identified 180 companies through the MBA/EMBA alumni network of a top business school in China. The companies operate in various industry sectors, such as IT and computer electronics sector, retail sector, miscellaneous high-tech industries, finance sector, agriculture sector, and the healthcare and pharmaceuticals sector. The diverse profile improved the validity and generalizability for the measurement development. The 15 items retained in the EFA described in the previous phase were included in a survey that was administrated to the senior HR managers of these companies. In the final sample, data were obtained from 203 senior HR managers from 117 for-profit Chinese companies, representing 65% response rate. In this sample, 28% are from the manufacturing sector, and the average number of employees per company is 4,338.

3.3.2 Convergent and Discriminant Validity Assessment

Convergent validity reflects the extent to which a measure is correlated with other measures of the same construct, and discriminant validity refers to the degree to which measures of different constructs are distinct (Bagozzi, Li, & Phillips, 1991). Consistent with the procedure that is utilized in previous validation efforts (Ou et. al, 2014; Tracey & Tews, 2005), I assessed convergent and discriminant validity of my proposed SRHRM measure in three steps.

First, the conceptualization of SRHRM highlights the important role of workplace interpersonal relationships and emphasizes the adoption of HRM systems to facilitate relationship building at the workplace. Shared emphasis can be found in previous literature. For example,

Kehoe and Collins (2017) developed a measure of relationship-oriented HR systems which spotlights the exchange of knowledge and information through close interpersonal relationships of employees in the knowledge-intensive context. SRHRM is expected to be correlated with this measure of the same construct. Thus, I examined the correlation between the SRHRM measure and Kehoe and Collins' (2017) measure of relationship-oriented HR systems.

Second, to assess the discriminant validity of SRHRM measure, it is expected to be a distinct measure when compared with dissimilar measures such as other existing measures of HRM systems which have theoretically different foci from interpersonal relationships. After reviewing the previous research, comparisons among the measures of high-performance work system (HPWS), high-commitment HR systems, collaborative climate should provide a robust assessment of the empirical distinctiveness and practical utility of the newly developed SRHRM measure. Specifically, HPWS is an interrelated set of HR practices that “enhance the skills of the workforce, participation in decision making, and motivation to put forth discretionary effort (Sun et al., 2007). High-commitment HR systems include various HR practices that develop employees' long-term investment in the organization (Collins & Smith, 2006). Collaborative climate refers to the shared perceptions among organizational members that interpersonal collaboration is descriptive of them (Zhu, Gardner, & Chen, 2018). I conducted a series of EFA tests to analyze the factor loading of SRHRM items and the items associated with each of the comparison scales (i.e., separated analysis were conducted for each of the comparison pairs). Finally, I conducted CFA to assess whether the SRHRM construct was distinct from the other three validation constructs (Anderson & Gerbing, 1988). I examined the fit of a four-factor baseline model including the SRHRM construct and the other three constructs in which the items were specified to load on the distinct factors. I then compared the fit statistics with alternative three-, two-, single-factor models.

3.3.3 Measures

In addition to the SRHRM measure, responses to the following measures were gathered:

Relationship-oriented HR system was measured using ten items from Kehoe and Collins (2017). Sample items include “Employees in our company are provided feedback on their ability to develop relationships with key people external to the firm” and “Progress summaries of all parts of the unit’s activities are shared with all members of the company.”

HPWS was measured using ten items from Den Hartog, Boon, Verburg, and Croon (2013). Sample items include “Training is provided regularly to employees” and “Jobs and tasks that offer employees the opportunity to learn new things.”

High-commitment HR system was measured using a subset of seven practices from Collins and Smith (2006). The items selection criterion was in line with Kehoe and Collins (2017). Sample items include “Employee bonuses or incentive plans are based primarily on the performance of the organization” and “Performance appraisals are used primarily to set goals for personal development.”

Collaborative climate was measured using four items adapted from Zhu et al. (2018). The original scale was used to measure intrateam collaborative climate. I adapted the item wording to measure intraorganizational collaborative climate. Sample items include “Employees in our company provide support and help to each other” and “Employees in our company collaborate to find the best solution to problems.”

Respondents were asked to indicate the extent to which their companies implement the HRM practices described by the item and rate all measures on a six-point Likert scale to avoid the central tendency bias potential while using Chinese samples (Ou et al., 2014). Survey items were

translated into Chinese following the standard of translation-back-translation procedures (Brislin, 1980).

All measures showed good internal reliability: Cronbach's alpha was 0.94 for SRHRM construct, 0.91 for relationship-oriented HR system, 0.92 for HPWS construct, 0.88 for high-commitment HR system construct, and 0.97 for collaborative climate construct.

3.3.4 Results

The descriptive statistics of the measures included in the convergent and discriminant validity assessments are presented in Table 3.

INSERT TABLE 3 ABOUT HERE

The correlation analysis showed that the SRHRM measure has a strong positive correlation with the measure of relationship-oriented HR systems ($r = 0.76, p < 0.01$), demonstrating convergent validity. To assess discriminant validity, I first compared the fifteen SRHRM items to the ten HPWS items, then to the seven high-commitment HR system items and the four collaborative climate items, respectively, in a series of EFA tests using an oblique promax rotation. As shown in Table 5, all items loaded exclusively on the proposed factors and none of the items from the other three comparison constructs cross-loaded on the SRHRM construct. All items had loadings above 0.40 on their corresponding factors (see Table 4). Next, based on the EFA results presented in Table 4, I used STATA 16 to conduct a series of CFA tests and compared the fit statistics between the proposed four-factor model with alternative models. As shown in Table 5, the CFA of the posited four-factor model demonstrates acceptable fit with the data. The nested models are compared using chi-square difference tests (Bollen, 1989). All the other alternative

models generated significantly higher chi-squared values and demonstrated poorer fit indices than baseline model of four factors, confirming the discriminant validity of the SRHRM measure.

INSERT TABLE 4 AND TABLE 5 ABOUT HERE

Overall, the validation results supported a 15-item measure of SRHRM. The newly developed SRHRM construct exhibited good reliability and content, convergent, and discriminant validity.

3.4 Phase 4: Criterion-Related Validity and Predictive Validity Comparison (Sample 4)

3.4.1 Criterion-Related Validity Assessment

In the last phase of validation, I demonstrate the criterion-related validity of the SRHRM measure by examining the relationship between SRHRM and performance outcomes that are theoretically associated with employees' relational KSAs. By promoting employees' capabilities to build and maintain relationships, SRHRM can contribute to organizational performance in various ways. First, more effective knowledge and information sharing stemming from the implementation of SRHRM can positively influence the development of new products and service as well as the quality of product and service. Enhanced relationships with customers and stakeholders can improve the quality of service and customer satisfaction. Thus, SRHRM will positively relate to operational performance. In addition, workforce management consists of recruiting and retaining talent for firms. Good relationships among employees enable organizations to retain their existing employees and attract new talent from the labour market.

Moreover, relationships in the workplace include the relationship between managers and employees as well as the relationships among employees. By improving employees' competencies to build and maintain relationships, organizations will strengthen both the manager-employee relationships and employee-employee relationships in the workplace. Lastly, financial performance of firms via market share and sales growth can be increased by the adoption of SRHRM because the human and social capital gained by SRHRM contribute to competitive advantage of firms. Therefore, I proposed that:

Hypothesis 1: SRHRM will be positively related to higher perceived organizational performance.

Hypothesis 2: SRHRM will be positively related to higher perceived financial performance.

3.4.2 Sample and Procedures

To avoid common method bias, I collected data from two different sources—HR managers and non-HR managers. I acquired information about HRM practices and collaborative climate from HR managers and information about organizational performance from non-HR managers. For HR managers, I used the same sample as I did in demonstrating convergent and discriminant validity (Sample 3, 203 respondents). I created a separate survey for non-HR managers and asked these HR managers to forward the survey links. Survey responses from 98 non-HR managers which were matched to the HR managers who work in the same firms (a subset of Sample 3) were used. Thus, the final sample includes a total number of 98 matched observations to assess criterion-related validity (Sample 4). The average number of employees in this sample is 4,665. Around 30% of the sample firms are from the manufacturing industry.

3.4.3 Measures

Firm performance. Following Delaney and Huselid (1996), I conceptualized and tested the broad assessment of firm performance with two measures: seven-item perceived organizational performance and four-item perceived financial performance. Specifically, I asked non-HR managers to compare their organizational performance in 2020 to that of other organizations that do the same kind of work in the following 11 aspects: 1) quality of products, services, or programs; 2) development of new products, services, or programs; 3) ability to attract essential employees; 4) ability to retain essential employees; 5) satisfaction of customers or clients; 6) relations between management and other employees; 7) relations among employees in general; 8) marketing; 9) growth in sales; 10) profitability; 11) market share. Respondents were asked to answer questions on a five-point Likert scales ranging from 1, “much worse”, to 5, “much better”. The Cronbach’s alpha for perceived organizational performance (item 1 to 7) was 0.88. The Cronbach’s alpha for perceived financial performance was 0.87. Both showed good internal consistency. Although perceptual data introduce limitations of increased measurement error and the potential for monomethod bias, research has shown the validity of using perceptual performance measures in relation to objective performance measure of organizations (Wall et al., 2004). In addition, the perceptual performance data is more suitable for my research context to establish the comparable outcomes, given the diverse industrial sectors in my sample.

SRHRM. SRHRM was measured using the same 15 items as in prior steps. The Cronbach’s alpha was 0.94, which demonstrated strong internal consistency.

Control variables. To capture organizational factors that are related to both the adoption of HRM systems and organizational performance as suggested by prior research (e.g., Delaney & Huselid, 1996; Ou et al., 2014), I controlled for firm size and industry sector. I measured firm size

as the natural log of the number of employees. I coded industry as a dummy variable with 1 = manufacturing and 0 = non-manufacturing. This dichotomization of industry has been widely used in prior studies and helps to reduce industry-based indicators (Ou et al., 2014).

3.4.4 Analyses and Results

I used the ‘sem’ command in STATA 16 to conduct structural equation modelling (SEM) to assess the fit of the hypothesized models and to examine the posited positive relationship between SRHRM practices and perceived organizational performance (Hypothesis 1) and perceived financial performance (Hypothesis 2). Table 6 shows the results. Although the fit statistics reported in Table 6 do not surpass traditional thresholds for “good fit” in structural equation models, it is worth noting that these structural models tested in this part are quite simple. Accordingly, most of the misfit is likely attributed to the misfit in the measurement model and the relatively small sample size (Yuan, 2005). Given the earlier factor analyses in markedly larger samples showing a support of the present measurement model, a poor fitting measurement model is less of an indictment of the models described in Table 6. Accordingly, I focus primarily on interpreting the path coefficients from the structural models more than gauging the absolute fit of the models. Thus, the fit statistics reported in Table 6 demonstrate a satisfactory model fit to the data.

INSERT TABLE 6 ABOUT HERE

In addition, the CFA of my proposed single-factor SRHRM measurement model demonstrates a satisfactory fit with the data (n = 98): $\chi^2 = 299.11$, $p < 0.001$, SRMR = 0.07, RMSEA = 0.16, CFI = 0.81, TLI = 0.78.

I depicted the relationship between SRHRM practices and the perceived organizational performance in Figure 1a and the relationship between SRHRM practices and the perceived financial performance in Figure 1b. The estimated standardized path coefficients of SRHRM and perceived organizational performance is significant ($\beta = 0.31, p < 0.01$). The relationship of SRHRM and financial performance, however, is not statistically significant ($\beta = 0.18, p > 0.10$).

INSERT FIGURE 1a and 1b ABOUT HERE

Overall, the results provide strong support for Hypothesis 1 and demonstrate the criterion-related validity of the SRHRM measure. However, Hypothesis 2 was not supported. This non-significant result suggests that financial performance might be a more distal outcome for HR systems than other organizational outcomes (Dyer & Reeves, 1995). In a meta-analysis investigating the mediating mechanisms in the HRM-performance relationship, Jiang and colleagues (Jiang, Lepak, Hu, & Baer, 2012) found that sets of HR practices influence financial outcomes through mediating factors of operational outcomes and voluntary turnover. Specifically, they proposed that financial outcomes are a function of numerous factors, among which operational performance “may be a salient determinant of financial outcomes because outcomes such as productivity, quality and service are directly related to profitability (Jiang et al., 2012, p. 1269). Following their results, I posit that there is also an indirect effect between SRHRM and firm financial performance through mechanisms such as operational performance, workforce management, and relationship in the workplace. The results are presented in the following exploratory analysis section.

3.4.5 Exploratory Analysis

To further explore the nuance of relationship between SRHRM and firm performance, I conducted two exploratory analyses: (a) examining the direct effects of SRHRM on the sub-dimensions of organizational performance; (b) testing the indirect effects of SRHRM on financial performance.

3.4.5.1 The direct effects of SRHRM on the sub-dimensions of perceived organizational performance

I examined the separate effects of SRHRM on the sub-dimensions of firm performance. While Delaney and Huselid's (1996) conceptualized and measured the perception of firm performance with two broad dimensions (i.e., perceived organizational and financial performance), recent studies have suggested focusing on specific sub-dimensions of firm performance. In line with Schmit, Pohler, and Willness, (2018), I thus divided the 11 items of firm performance into four subgroups: operational performance (item 1, 2, and 5), workforce management (item 3 and 4), relationships in the workplace (item 6 and 7), and financial performance (item 8 to 11).

I first conducted a CFA test for the proposed four-factor measurement model and compared the model fit indexes with those of Delaney and Huselid's (1996) two-factor model. As shown in Table 6, the four-factor model (Model 4) demonstrated a good fit to the data with better fit indexes than the two-factor model (Model 3). The Cronbach's alpha was 0.82, 0.80, 0.76, and 0.87 for operational performance, workforce management, relationship in the workplace, and financial performance respectively, which all demonstrated strong internal consistency. Then I re-ran the research model using each sub-dimension of firm performance as a dependent variable. I separately added each dependent variable to accommodate the modest sample size (see Figure 2a).

Model 5, 6, and 7 (see Table 6) show that all three models fit the data well. As shown in Figure 2b, the estimated standardized path coefficients of SRHRM and operational performance ($\beta = 0.32$, $p < 0.01$), workforce management ($\beta = 0.27$, $p < 0.05$), and relationship in the workplace ($\beta = 0.32$, $p < 0.01$) are all significant. I also replicated the tests by including the same two control variables (i.e., firm size and industry) as in prior steps. Consistent with the prior results, models with the control variables fit the data worse than baseline models, but the path coefficients demonstrated the same pattern found for the baseline structure models (see Figure 2c).

INSERT FIGURE 2a, 2b and 2c ABOUT HERE

3.4.5.2 Indirect effects of SRHRM on financial performance

I conducted a series of tests to examine the direct and indirect effects of SRHRM on firm financial performance through the unidimensional perceived organizational performance measure, and through the three sub-dimensions of perceived organizational performance, namely, operational performance, workforce management, and relationship in the workplace. To accommodate the relatively small sample, I used the hierarchical ordinary least squares (OLS) regression analyses, the standard approach described by Baron and Kenny (1986), rather than SEM. Recent methodological discussions on mediation test have pointed out that a significant zero order effects of X (i.e., independent variable) on Y (i.e., dependent variable) — the causal step in Baron and Kenny’s approach — is not a prerequisite to establish mediation and further examination of the indirect effects (Hayes, 2008; Zhao, Lynch, & Chen, 2010). An alternative inferential technique—bootstrapping—has been shown in the simulation as one of the more valid and powerful methods for testing intervening variable and has been recommended for examining

indirect effects (MacKinnon, Lockwood, & Williams, 2004). Thus, I used the bootstrapping procedure suggested by Preacher and Hayes (2008) to calculate the 95% confidence interval for the indirect effects.

As shown in Figure 3a, when both SRHRM and perceived organizational performance were entered into the regression model predicting financial performance, SRHRM was not significant ($\beta = -0.02, p > 0.1$), whereas perceived organizational performance was a significant predictor of firm financial performance ($\beta = 1.03, p < 0.001$). The bootstrapping technique (with 10,000 iterations) produce a 95% confidence interval for the indirect effect that does not include zero [0.07, 0.32]. Thus, the results suggest that SRHRM can exert a statistically significant indirect effect on firm financial performance through perceived organizational performance.

As shown in Figure 3b, when both SRHRM and operational performance were entered into the regression model predicting financial performance, SRHRM was not significant ($\beta = 0.00, p > 0.1$), whereas operational performance was a significant predictor of firm financial performance ($\beta = 0.82, p < 0.001$). The bootstrapping technique (with 10,000 iterations) produce a 95% confidence interval for the indirect effect that does not include zero [0.06, 0.29]. Thus, the results suggest that SRHRM can exert a significant indirect effect on firm financial performance through operational performance.

As shown in Figure 3c, when both SRHRM and workforce management were entered into the regression model predicting financial performance, SRHRM was not significant ($\beta = 0.05, p > 0.1$), whereas workforce management was a significant predictor of firm financial performance ($\beta = 0.66, p < 0.001$). The bootstrapping technique (with 10,000 iterations) produce a 95% confidence interval for the indirect effect that does not include zero [0.03, 0.23]. The results, therefore, suggest

that SRHRM can exert a statistically significant indirect effect on firm financial performance through workforce management.

As shown in Figure 3d, when both SRHRM and relationship in the workplace were entered into the regression model predicting financial performance, SRHRM was not significant ($\beta = 0.07$, $p > 0.1$), whereas relationship in the workplace was a significant predictor of firm financial performance ($\beta = 0.76$, $p < 0.001$). The bootstrapping technique (with 10,000 iterations) produce a 95% confidence interval for the indirect effect that does not include zero [0.01, 0.21]. Thus, the results suggest that SRHRM can exert a statistically significant indirect effect on firm financial performance through relationship in the workplace.

Taken together, these results suggest that the relationship between SRHRM and firm financial performance is indirect through perceived organizational performance, operational performance, workforce management, and relationship in the workplace.

INSERT FIGURE 3a, 3b, 3c and 3d ABOUT HERE

3.4.6 Predictive Validity Comparison

The last step of measurement development involves the assessment of the incremental validity of SRHRM measure. I compared the predictive validity of the SRHRM measure and three other types of HRM systems to show the incremental validity of SRHRM measure — HPWS (Den Hartog et al., 2013), high-commitment HR systems (Collins & Smith, 2006), and relationship-oriented HR systems (Kehoe & Collins, 2017) — on various outcome variables to show the incremental validity of the SRHRM measure.

3.4.6.1 Sample and measures

I used the same sample (sample 4 as in the criterion-related validity assessment) with a total number of 98 matched observations to assess the incremental validity. The dependent variables (i.e., *perceived organizational performance*, *perceived financial performance*, and *three sub-dimensions of perceived organizational performance*) remained the same as those in the criterion-related validity test, while I added *HPWS*, *high-commitment HR systems*, and *relationship-oriented HR systems* measures, together with *SRHRM* measures as the independent variables in the regression models. The measures of these HRM system constructs were the same as those in prior steps. The Cronbach's alpha for *SRHRM*, *HPWS*, *high-commitment HR systems*, and *relationship-oriented HR systems*, in this sample were 0.94, 0.90, 0.90, and 0.92 respectively, which demonstrated strong internal consistency. Consistent with the prior steps, I also controlled for firm size and industry sector in the predictive validity comparison analyses.

3.4.6.2 Analyses and results

To directly compare the predictive validity between the measure of *SRHRM* and measures of *HPWS*, *high-commitment HR systems* and *relationship-oriented HR systems*, I conducted hierarchical ordinary least squares (OLS) regression analyses to determine if the newly developed *SRHRM* measure explained incremental variances in *perceived organizational performance*, *financial performance*, and *three sub-dimensions of perceived organizational performance* (i.e., *operational performance*, *workforce management*, and *relationship in the workplace*) beyond that explained by the three existing HRM system measures. I first entered two control variables (i.e., *industry sector* and *firm size*) as they may affect focal relationships (see Model 1 in Table 7 to Table 11). Then, I entered the three existing HRM system measures (i.e., *HPWS*, *high-*

commitment HR systems, relationship-oriented HR systems) and then the proposed SRHRM measure separately (see Model 2 and Model 3 in Table 7 to Table 11). Finally, I entered the three existing HRM system measures and the proposed SRHRM measure simultaneously (see Model 4 in Table 7 to Table 11). Table 7 to Table 11 present the hierarchical OLS regression results.

INSERT TABLE 7, 8, 9, 10, 11 ABOUT HERE

Although the prior steps demonstrated the discriminant validity of the SRHRM measure and provided evidence that SRHRM is a distinct construct from other existing HRM system measures, the data showed strong correlations of SRHRM to HPWS, high-commitment HR systems, and relationship-oriented HR systems. The high correlations may confound the effects of these different measures of HRM systems on outcome variables. Thus, I also assessed the degree of multi-collinearity of the focal independent variable (SRHRM) with the other independent variables by calculating the Variance Inflation Factors (VIFs) in the regression models. All VIF results (see Table 7 to Table 11) were less than 5, the acceptable cut-off value (Neter, Wasserman, & Kutner, 1990), suggesting that multicollinearity is not a concern.

As shown in Model 3, Table 7, SRHRM is positively related to perceived organizational performance ($\beta = 0.19, p < 0.01$) and explained significant incremental variance in perceived organizational performance ($\Delta R^2 = 0.07, p < 0.01$) after controlling for industry sectors and firm sizes. Moreover, in Model 4, Table 7, SRHRM explained significant incremental variance ($\Delta R^2 = 0.06, p < 0.01$) in perceived organizational performance above and beyond that accounted for by HPWS, high-commitment HR systems, and relationship-related HR systems together (see Model

2 and Model 4 in Table 7); SRHRM was also positively related to perceived organizational performance ($\beta = 0.30, p < 0.01$).

As shown in Model 3, Table 8, SRHRM only explained marginal incremental variance in firm financial performance ($\Delta R^2 = 0.03, p < 0.1$) after controlling for industry sectors and firm sizes. In contrast, in Model 2, the other three HRM system measure together explain significant incremental variance in financial performance ($\Delta R^2 = 0.08, p < 0.05$) and HPWS was positively related to financial performance ($\beta = 0.60, p < 0.01$). Similarly, in Model 4, Table 8, SRHRM did not explain a significant incremental variance ($\Delta R^2 = 0.01, n.s.$) in financial performance above and beyond that accounted for by HPWS, high-commitment HR systems, and relationship-related HR systems together (see Model 2 and Model 4 in Table 8).

As shown in Model 3, Table 9, SRHRM is positively related to operational performance ($\beta = 0.21, p < 0.01$) and explained significant incremental variance in perceived organizational performance ($\Delta R^2 = 0.06, p < 0.01$) after controlling for industry sectors and firm sizes. Moreover, in Model 4, Table 9, SRHRM explained significant incremental variance ($\Delta R^2 = 0.05, p < 0.05$) in operational performance above and beyond that accounted for by HPWS, high-commitment HR systems, and relationship-related HR systems together (see Model 2 and Model 4 in Table 9); SRHRM was also positively related to operational performance ($\beta = 0.33, p < 0.05$).

As shown in Model 3, Table 10, SRHRM is positively related to workforce management ($\beta = 0.20, p < 0.05$) and explained significant incremental variance in workforce management ($\Delta R^2 = 0.04, p < 0.05$) after controlling for industry sectors and firm sizes. Moreover, in Model 4, Table 10, SRHRM explained significant incremental variance ($\Delta R^2 = 0.04, p < 0.05$) in workforce management above and beyond that accounted for by HPWS, high-commitment HR systems, and

relationship-related HR systems together (see Model 2 and Model 4 in Table 10); SRHRM was also positively related to operational performance ($\beta = 0.34, p < 0.05$).

As shown in Model 3, Table 11, SRHRM is positively related to relationship in the workplace ($\beta = 0.14, p < 0.05$) and explained significant incremental variance in relationship in the workplace ($\Delta R^2 = 0.04, p < 0.05$) after controlling for industry sectors and firm sizes. Moreover, in Model 4, Table 11, SRHRM explained significant incremental variance ($\Delta R^2 = 0.07, p < 0.05$) in relationship in the workplace above and beyond that accounted for by HPWS, high-commitment HR systems, and relationship-related HR systems together (see Model 2 and Model 4 in Table 11); SRHRM was also positively related to relationship in the workplace ($\beta = 0.22, p < 0.05$). SRHRM was the only significant predictor of HRM systems of relationship in the workplace in the model.

In sum, these results of predictive validity comparisons indicate that the proposed measure of SRHRM is positively related to perceived organizational performance, operational performance, workforce management, and relationship in the workplace. With respect to financial performance, SRHRM was not directly related to firm financial performance, however, it was found to be indirectly related to financial performance through perceived organizational performance. These results are in line with the prior findings using SEM tests. Moreover, the SRHRM measure explains unique variance in all outcome variables (except for financial performance) that is not accounted for by the other three existing measures of HRM systems (i.e., HPWS, high-commitment HR systems, and relationship-oriented HR systems) as shown in Model 2 and Model 4 in Table 7 to Table 11.

4. DISCUSSION

Scholars have underscored the significance of integrating a relational perspective into strategic HRM (e.g., Lengnick-Hall et al., 2021) and argued that “each employee is responsible for building relationships, both for personal survival and to benefit the organization” (Lengnick-Hall & Lengnick-Hall, 2003, p. 62). The existing theory, research and empirical measures, however, have not yet effectively addressed the need by outlining a theoretical basis for and development of a measure that recognizes the importance of individual attributes and follows a rigorous scale development process. I promote the SRHRM measure developed in the present study as a potential solution to these problems. I also posit that SRHRM can be utilized by organizations to facilitate employees to build and maintain relationships for task completion and performance improvement.

In this study, I develop a measure of SRHRM following a rigorous scale development process. I ensured that the conceptualization of SRHRM is based on a cogent review of existing literature on fields of strategic HRM, human capital, social capital, and social network analysis. I then utilized four samples and comprehensive analytic steps to develop and validate the SRHRM measure. The SRHRM measure showed good reliability, convergent and discriminant validity, and criterion-related validity.

As shown in the criterion-related validation results, the adoption of SRHRM systems significantly enhances a firm’s operational performance, workforce management, and relationships in the workplace. Although the relationship between SRHRM and financial performance is not significant in the present study, post hoc test results suggest that this relationship is indirect through the more proximal measures of firm performance (i.e., operational performance, workforce management, and relationship in the workplace). In other words, SRHRM

is indirectly related to financial performance. Moreover, the predictive value comparison between the newly developed SRHRM and other HR measures indicates that the measure of SRHRM, which emphasizes relational KSAs of individual employees, has incremental explanatory power over the existing strategic HRM measures that seek to improve organizational performance through various other mechanisms. The results demonstrate the utility of this new measure of SRHRM beyond what existing HRM scales offer.

4.1 Theoretical Implications

The present study contributes to the strategic HRM literature in several ways. First, the present research contributes to the strategic HRM literature by addressing the research gap remaining in the relational view of strategic HRM. Although the extant research has adopted diverse foci of relationships in investigating the impact of HRM systems on firm performance, they have ignored the potentials of HRM systems in directly enhancing the human capital of firms. Rather than being used as a tool to offer certain organizational structures for promoting relationship building in the workplace, strategic HRM system has the power to change the nature of relationships in the workplace through its direct impact of individuals' KSAs. Yet, the research remains silent as to the conceptualization of such HRM systems. This paper makes an effort to address this void by introducing the concept of SRHRM, which is defined as a cohesive system of HR practices that facilitate employee relationship-building and maintenance for task completion.

Second, in the theoretical development of SRHRM, I highlight the micro-foundation of human capital resources in creating competitive advantage and suggest that relational KSAs hold promise as a source of sustainable resources. Existing literature has explored “the role of

individuals that are strong in either human or social capital” (Grigoriou & Rothaermel, 2014, p. 590), which leads to a paucity of literature adopting an integrative approach to simultaneously understanding and managing social and human capital. However, the interconnected nature of work demands the integration of human and social capital. A simple focus on one type of KSAs has become insufficient (Lengnick-Hall et al., 2021; Methot et al., 2018). In addition, scholars have recently suggested that social capital act as a key facilitator of human capital resources emergence at the collective level (Ray et al., in press) and individuals’ KSAs directly contribute to human capital resources of a firm (Ployhart & Moliterno, 2011). However, the role of individual KSAs has been largely ignored in the extant human capital literature (Coff & Kryscynski, 2011).

I respond to call for a focus on individual attributes to understand how collective-level human capital originates and emerges (Ployhart & Moliterno, 2011; Ray et al., in press) by underscoring the importance of individuals’ relational KSAs in the present paper. I suggest that relational KSAs, as the amalgamation of human and social capital, are at the core of SRHRM. Indeed, theory suggests that relational KSAs of employees contribute to competitive advantage of firms. This particular set of human capital should not be overlooked in the strategic HRM literature, as it has been in the past. Indeed, the findings of this study indicate that, relational KSAs, facilitated by SRHRM systems, enhance organizational performance and are indirectly related to firm performance.

Third, this study offers a reliable and valid measure of SRHRM to be used in future empirical research. The rigorous development of the SRHRM measure addresses concerns around measurement accuracy and construct validity, which have been proposed as key factors hindering the advancement of strategic HRM field (Boon et al., 2019). Ensuring the reliability and validity of the scales used in empirical examinations is critical to the accuracy of test results and findings

of a study. My scale has the potential to advance our knowledge in understanding the field of strategic HRM through a relational perspective.

Lastly, the construct and measurement development process paid attention to important cultural and contextual factors. I sought advice from scholars and HR professionals from both the North American (U.S. and Canada) and Asian (China) cultures when I developed the SRHRM measure to ensure greater cross-cultural content validity and accuracy. I also utilized samples from both cultures in the validation process. Although prior research has cautioned against a direct adoption of western-developed strategic HRM measures in Chinese cultures (e.g., Cooke, Xiao, & Chen, 2021), the results show that the samples from both cultures revealed similar patterns in factor and reliability analysis of the SRHRM measure. I expect that my SRHRM measure can be implemented in both cultures.

4.2 Practical Implications

This study also generates important practical implications. The positive relationships between SRHRM and organizational performance underscores the need for extending HR's roles to facilitate the development of relationships that are valuable for the firms (Lengnick-Hall & Lengnick-Hall, 2003). HR practitioners may assess if the HRM systems that their firm adopts effectively facilitate employees to nudge useful relationships for their task completion. Indeed, I encourage HR managers to utilize SRHRM to proactively enhance valuable relationships for their organizations. The SRHRM measure developed in the present study offers a specific guideline for organizations regarding how to implement a systematic set of HR practices that helps their employees manage their relationships in the workplace. When building and maintaining relationships with the stakeholders of the organization (e.g., customers, investors, suppliers) are

strategically important to the firm's development, SRHRM provides the best practical solution to these organizations. For instance, for knowledge-intensive firms, the adoption of SRHRM contributes to knowledge and information sharing among employees; for companies in the service industry, SRHRM helps with the improvement of customer relationships, which can lead to greater competitiveness of these firms.

The theory and findings suggest that HR professionals should adopt a relational mindset when they select, develop, and motivate employees. In particular, the emphasis of relational KSAs hopes to promote HR's attention paid to this specific dimension of human capital. For instance, HR professionals should consider if their current HRM systems ensure that potential candidates with relational capabilities can be accurately identified from the recruitment pool, whether existing employees have easy access to the opportunities to practice their relational KSAs, and whether appropriate rewards are utilized to motivate employees' use of their relational skills.

5. LIMITATIONS

Although the present study was built on a rigorous scale development procedure, some limitations should be noted. First, the relatively small sample I relied on for the validity assessment may affect the results to some extent. For example, the proposed model only demonstrated an acceptable fit of the data in the discriminant validity tests. This might be caused by the small sample size used considering the sample to item ratio. In addition, the nonsignificant relationship between SRHRM and financial performance could be a result of the small sample size used in the criterion-related assessments. Second, although I utilized a matched sample from one HR manager and one non-HR manager per firm to avoid common method bias in assessing criterion-related

validity, HR information was obtained from a single source. Third, the preliminary results showed that SRHRM outperformed the other pervasive strategic HRM systems such as HPWS and high-commitment HR systems, but my capability is limited in the present study to examine the mediating paths, similarly or differently, through which these different HRM systems function and influence firm performance. Similarly, due to the cross-sectional design of the present study, my ability to make causal inferences is constrained. Fourth, although the scale I used for measuring firm performance has been widely adopted and validated, it is a perceptual and self-reported measure of firm performance which may risk problems associated with raters' subjectivity. Lastly, although the measure development process relied on samples from both North American and Asian cultures, the validity of using the measure across cultures requires more studies conducted in these two cultures to compare their findings.

6. FUTURE RESEARCH DIRECTIONS

The results of this study suggest several implications for future research. First, the findings of post hoc tests indicate that the relationship between SRHRM and firm financial performance is indirect through operational performance, workforce management, and relationships in the workplace. However, my collection of data on financial performance and all other firm performance data are from a single source and at the same time period. I encourage future studies to adopt longitudinal research designs to enable improved causal inference and to check the robustness of my findings. In addition, future studies can investigate potential mediating mechanisms that enable SRHRM to demonstrate greater effectiveness than HPWS. For instance, there is ample extant research examining social climate and social structure as the mediating

mechanisms linking strategic HRM and firm performance. I expect these mediators play similar roles in the SRHRM-firm performance relationship, but some novel mediating mechanisms may also emerge, such as relational KSAs at the individual and/or collective-level.

Second, I recognize that the effectiveness of SRHRM systems could be affected by contextual factors such as organizational climates, industry characteristics, and societal cultures. For instance, measure development was based on the samples from both North American and Asian cultures for generalizability. Compared with the prevalence of an individualistic culture in North America, the collectivism in Asian countries may enhance the effect of SRHRM on firm performance because harmony and cooperation are highly valued in this culture (Bae & Lawler, 2000). An alternative explanation is that the implementation of SRHRM may play a more critical role in individualistic culture because it explicitly highlights the strategic importance of relationships in task completion. In addition, prior studies have articulated the key role of relationships in knowledge sharing and effective communication. In this regard, SRHRM may generate a greater impact on firms operating in particular industries such as knowledge-intensive or service-oriented industries or firms adopted team-based work arrangements. Last but not the least, the effectiveness of SRHRM in a unionized environment deserves scholars' attention as previous research has shown dual-causal relationship between firms' employee relations system and financial performance (Chang, Leung, Yao, & Gong, 2022). Theoretically, SRHRM systems can enhance the relational KSAs of employees, which offers the foundations for building cooperative relationships between labour and management. Both union members and board members of the management will benefit from the implementation of SRHRM systems for creating shared understanding and pursuing mutual gains in maintaining positive labour-management

relationships (Chang et al., 2022). I thus encourage future studies to empirically test the contingencies and boundary conditions on the effectiveness of implementing SRHRM systems.

7. CONCLUSION

In conclusion, I developed a new measure of SRHRM based on a review of the extant literature and scales in strategic HRM that employ a relational focus and validated this measure using a rigorous empirical procedure. The development of this SRHRM measure responds to calls for integrating a relational perspective into the strategic HRM and addresses concerns about measurement accuracy and construct validity. I spotlighted the core role of individuals' relational KSAs as the micro-foundation of human capital resources created by SRHRM. As the findings suggest, HR practitioners should consider implementing SRHRM systems to effectively enhance firm performance.

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TABLE 1. Definitions and Examples of SRHRM Practices

SRHRM Practices	Definition	Example
Strategic Relational Recruitment and Selection	The recruitment and selection programs ensure the organization gains appropriate relational KSAs.	Interpersonal skills are emphasized in job advertisements.
Strategic Relational Training and Development	The training and development programs instruct employees on how to develop relational KSAs for effective relationship building.	Employees receive trainings on how to improve their skills for effective cooperation.
Strategic Relational Performance Appraisal and Feedback	The performance appraisal and feedback clearly emphasize relational behaviours and values.	Supervisors provide feedback on employees' ability to build customer relationships.
Strategic Relational Compensation and Rewards	The compensation and rewards programs incorporate financial incentives and recognition to promote employees' prosocial behaviours and attitudes.	Companies provide training subsidies with employees to improve their relationship-building skills.
Strategic Relational Promotion	The promotion emphasizes the importance of developing relational KSAs for relationship-building in promotion criteria.	Promotion criteria include elements such excellent teamwork skills.
Strategic Relational Job Design	The job design ensures relational characteristics of work and interaction opportunities are included in jobs.	Job rotation is used for enhancing the skills to build relationships.
Strategic Relational Participation and Involvement	The participation and involvement programs enable employees to engage in decision making process for improved relational KSAs.	Employees are asked for offering the advice on how to improve interpersonal skills.
Strategic Relational Meetings and Events	The meetings and events organized to provide employees with the opportunity to build and maintain relationships.	Tactics to enhance teamwork skills are discussed in meetings.

Note. The table is taken from Chapter 1 of Zhang (2022).

TABLE 2. Exploratory Factor Analysis Results

Items	Sample 2 (N = 302) Loading score	Sample 3 (N = 203) Loading score
Relational KSAs in recruitment	0.62	0.59
Technical and relational KSAs in selection	0.70	0.67
Relational KSAs weight in selection	0.60	0.61
Periodical training on relational KSAs	0.73	0.82
Investment in training	0.68	0.83
Mentoring assignment	0.65	0.72
Socialization program	0.65	0.77
Promotion decision	0.63	0.69
Feedback provision	0.70	0.84
Performance evaluation	0.62	0.80
Financial incentive	0.57	0.64
Job description	0.69	0.72
Flexible job design	0.63	0.69
Advice seeking	0.67	0.80
Event arrangement	0.74	0.80
Cronbach's alpha	0.92	0.94

Notes: Response options range from 1 = not at all to 7 = very extensive for Sample 2 and range from 1 = not at all to 6 = very extensively for Sample 3.

TABLE 3. Descriptive Statistics for the Measures Included in Convergent and Discriminant Validity Assessments

Measure	Mean	SD	SRHRM	ROHRM	HPWS	HCHR	CC
SRHRM	4.31	0.93	-				
ROHRM	3.90	1.03	0.76**	-			
HPWS	4.26	0.78	0.75**	0.75**			
HCHR	4.72	0.81	0.71**	0.70**	0.84**	-	
CC	4.88	0.98	0.64**	0.71**	0.79**	0.76**	-

Notes: N = 203, SRHRM = Strategic relational human resource management; ROHRM = Relationship-oriented HR systems; HPWS = High-performance work system; HCHR = High commitment HR systems; CC = Collaborative climate.

+ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$.

TABLE 4. Discriminant Validity Assessment Results: Pattern Matrix Factor Loadings from Exploratory Factor Analysis (Sample 3, N = 203)

Items	Factor 1	Factor 2	Items	Factor 1	Factor 2	Items	Factor 1	Factor 2
SRHRM vs. HPWS			SRHRM vs. HCHR			SRHRM vs. Climate		
recruit_ksa	0.73		recruit_ksa	0.56		recruit_ksa	0.64	
select_ksa	0.72		select_ksa	0.52		select_ksa	0.59	
select_weight_ksa	0.67		select_weight_ksa	0.50		select_weight_ksa	0.57	
train_ksa	0.72		train_ksa	0.79		train_ksa	0.76	
invest_ksa	0.71		invest_ksa	0.85		invest_ksa	0.80	
mentor_ksa	0.46		mentor_ksa	0.57		mentor_ksa	0.64	
orient_ksa	0.46		orient_ksa	0.59		orient_ksa	0.60	
promote_ksa	0.53		promote_ksa	0.40		promote_ksa	0.58	
feedback_ksa	0.76		feedback_ksa	0.87		feedback_ksa	0.83	
appraisal_ksa	0.78		appraisal_ksa	0.87		appraisal_ksa	0.80	
comp_ksa	0.58		comp_ksa	0.69		comp_ksa	0.65	
jobdesign_ksa	0.68		jobdesign_ksa	0.57		jobdesign_ksa	0.71	
jobflex_ksa	0.49		jobflex_ksa	0.61		jobflex_ksa	0.70	
involve_ksa	0.70		involve_ksa	0.80		involve_ksa	0.75	
event_ksa	0.57		event_ksa	0.68		event_ksa	0.69	
hpws_train		0.76	hc_fit		0.84	cli_team		0.92
hpws_learn		0.84	hc_potential		0.84	cli_help		0.94
hpws_aspire		0.82	hc_overall		0.69	cli_collab		0.93
hpws_develop		0.69	hc_compet		0.45	cli_cohe		0.96
hpws_equal		0.66	hc_promote		0.67			
hpws_method		0.57	hc_develop		0.57			
hpws_work		0.69	hc_train		0.53			
hpws_team		0.60						
hpws_stand~d		0.70						
hpws_apprai		0.69						

Notes: SRHRM = Strategic relational human resource management; HPWS = High-performance work system; HCHR = High-commitment HR systems; Climate = Collaborative climate.

TABLE 5. Confirmatory Factor Analysis and Discriminant Validity Assessment Results

Model	χ^2	<i>df</i>	<i>p</i>	SRMR	RMSEA	CFI	TLI	$\Delta\chi^2$
Posited four factor model: baseline	1569.44	588	0.00	0.06	0.08	0.85	0.84	
Alternative three factor model: combining SRHRM and HPWS	1939.72	591	0.00	0.07	0.11	0.79	0.78	370.28
Alternative three factor model: combining SRHRM and HCWS	1872.57	591	0.00	0.08	0.10	0.80	0.79	303.13
Alternative three factor model: combining SRHRM and Climate	2374.97	591	0.00	0.08	0.12	0.72	0.70	805.53
Alternative two factor model: combining SRHRM, HPWS and HCWS	2047.24	593	0.00	0.08	0.11	0.77	0.76	477.80
Alternative two factor model: combining SRHRM, HPWS and Climate	2545.13	593	0.00	0.08	0.13	0.70	0.68	975.69
Alternative two factor model: combining SRHRM, HCWS and Climate	2518.52	593	0.00	0.08	0.13	0.70	0.68	949.08
Alternative one factor model: combining all four constructs	2604.46	594	0.00	0.08	0.13	0.69	0.67	1035.01

Notes: N = 203, SRHRM = Strategic Relational Human Resource Management; HPWS = High-performance work system; HCWS = High-commitment HR systems; Climate = Collaborative climate.

a. SRMR (standardized root mean square residual) values less than 0.08 indicate a good fit with the data. RMSEA (root mean square error of approximation) values less than 0.06 indicate a good fit, values above 0.06 and as high as 0.08 indicate an adequate fit, values above 0.08 and less than 0.10 indicate a mediocre fit, and values above 0.10 indicate a poor fit. Comparative Fit Index (CFI), and Tucker-Lewis Index (TLI) values between 0.90 and 0.95 are considered a good fit, while values of 0.95 and higher are considered an excellent fit (Tabachnick & Fidell, 2013). These indices are sensitive to small sample size. Considering the sample to item ratio, our results demonstrate an acceptable fit.

b. $\Delta\chi^2$ = change in chi-square between the alternative model and the baseline model. All $\Delta\chi^2$ are significant at the $p < 0.01$ level.

TABLE 6. Confirmatory Factor Analysis and Criterion-Related Validity Assessment Results

Model	χ^2	df	p	SRMR	RMSEA	CFI	AIC	Path Coefficient
Model 1. SRHRM and perceived organizational performance	476.26	208	0.00	0.07	0.12	0.82	5360.66	0.31**
Model 2. SRHRM and perceived financial performance	400.03	151	0.00	0.09	0.13	0.81	4923.72	0.18
Model 3. two-factor structure of perceived organizational performance	120.04	43	0.00	0.06	0.14	0.88	2280.92	
Model 4. four-factor structure of perceived organizational performance	90.23	38	0.00	0.05	0.12	0.92	2261.11	
Model 5. SRHRM and operational performance	342.95	134	0.00	0.07	0.13	0.83	4613.85	0.32**
Model 6. SRHRM and workforce management	331.75	118	0.00	0.07	0.14	0.81	4431.87	0.27*
Model 7. SRHRM and relationship in the workplace	337.74	118	0.00	0.08	0.14	0.81	4322.78	0.32**

Notes: N = 98. + $p < 0.10$, * $p < 0.05$, ** $p < 0.01$.

TABLE 7. Predictive Validity Comparison: Hierarchical Ordinary Least Squares Regression Results for Perceived Organizational Performance ^a

Variables	Model 1	Model 2	Model 3	Model 4
Manufacturing industry	0.02 (0.14)	-0.00 (0.14)	-0.01 (0.14)	-0.00 (0.13)
Number of employees (log)	0.08* (0.04)	0.08* (0.03)	0.08 (0.03)	0.07* (0.03)
SRHRM			0.19** (0.07)	0.30** (0.11)
HPWS		0.36* (0.16)		0.25 (0.15)
High-commitment HR systems		-0.13 (0.17)		-0.15 (0.07)
Relationship-oriented HR systems		-0.09 (0.09)		-0.23* (0.10)
Adjusted R ²	0.03	0.08	0.10	0.14
ΔR^2	-	0.05**	0.07**	0.06**
Mean VIF	1.02	2.6	1.02	2.81

Notes: N = 98 (Sample 4). SRHRM = strategic relational human resource management. HPWS = high-performance work systems.

^a Table 5 reports unstandardized beta coefficients, standard errors are in parentheses, the change in R² (ΔR^2) for Model 2 and Model 3 is in comparison to the R² for Model 1, and ΔR^2 for Model 4 is in comparison to the R² for Model 2.

+*p* < 0.10, **p* < 0.05, ***p* < 0.01.

TABLE 8. Predictive Validity Comparison: Hierarchical Ordinary Least Squares Regression Results for Perceived Financial Performance ^a

Variables	Model 1	Model 2	Model 3	Model 4
Manufacturing industry	0.01 (0.19)	-0.03 (0.19)	-0.02 (0.19)	-0.03 (0.19)
Number of employees (log)	0.14** (0.05)	0.13** (0.05)	0.14** (0.05)	0.13** (0.05)
SRHRM			0.18 ⁺ (0.09)	0.22 (0.15)
HPWS		0.60** (0.21)		0.52* (0.21)
High-commitment HR systems		-0.19 (0.23)		-0.20 (0.23)
Relationship-oriented HR systems		-0.22 ⁺ (0.12)		-0.31* (0.14)
Adjusted R ²	0.06	0.14	0.09	0.15
ΔR^2	-	0.08*	0.03 ⁺	0.01
Mean VIF	1.02	2.6	1.02	2.81

Notes: N = 98 (Sample 4). SRHRM = strategic relational human resource management. HPWS = high-performance work systems.

^a Table 5 reports unstandardized beta coefficients, standard errors are in parentheses, the change in R² (ΔR^2) for Model 2 and Model 3 is in comparison to the R² for Model 1, and ΔR^2 for Model 4 is in comparison to the R² for Model 2.

⁺ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$.

TABLE 9. Predictive Validity Comparison: Hierarchical Ordinary Least Squares Regression Results for Operational Performance ^a

Variables	Model 1	Model 2	Model 3	Model 4
Manufacturing industry	0.03 (0.17)	-0.00 (0.17)	-0.01 (0.17)	-0.01 (0.16)
Number of employees (log)	0.06 (0.04)	0.06 (0.04)	0.06 (0.04)	0.05 (0.04)
SRHRM			0.21** (0.08)	0.33* (0.13)
HPWS		0.42* (0.19)		0.30 (0.19)
High-commitment HR systems		-0.08 (0.21)		-0.10 (0.20)
Relationship-oriented HR systems		-0.15 (0.11)		-0.30* (0.12)
Adjusted R ²	0.00	0.06	0.06	0.11
ΔR^2	-	0.06**	0.06**	0.05*
Mean VIF	1.02	2.6	1.02	2.81

Notes: N = 98 (Sample 4). SRHRM = strategic relational human resource management. HPWS = high-performance work systems.

^a Table 5 reports unstandardized beta coefficients, standard errors are in parentheses, the change in R² (ΔR^2) for Model 2 and Model 3 is in comparison to the R² for Model 1, and ΔR^2 for Model 4 is in comparison to the R² for Model 2.

+*p* < 0.10, **p* < 0.05, ***p* < 0.01.

TABLE 10. Predictive Validity Comparison: Hierarchical Ordinary Least Squares Regression Results for Workforce Management ^a

Variables	Model 1	Model 2	Model 3	Model 4
Manufacturing industry	-0.07 (0.18)	-0.09 (0.18)	-0.10 (0.18)	-0.09 (0.17)
Number of employees (log)	0.11* (0.04)	0.10* (0.04)	0.10* (0.04)	0.10* (0.04)
SRHRM			0.20* (0.09)	0.34* (0.14)
HPWS		0.48* (0.20)		0.36+ (0.20)
High-commitment HR systems		-0.23 (0.22)		-0.26 (0.22)
Relationship-oriented HR systems		-0.12 (0.12)		-0.28* (0.13)
Adjusted R ²	0.04	0.08	0.08	0.12
ΔR^2	-	0.04*	0.04*	0.04*
Mean VIF	1.02	2.6	1.02	2.81

Notes: N = 98 (Sample 4). SRHRM = strategic relational human resource management. HPWS = high-performance work systems.

^a Table 5 reports unstandardized beta coefficients, standard errors are in parentheses, the change in R² (ΔR^2) for Model 2 and Model 3 is in comparison to the R² for Model 1, and ΔR^2 for Model 4 is in comparison to the R² for Model 2.

+ $p < 0.10$, * $p < 0.05$, ** $p < 0.01$.

TABLE 11. Predictive Validity Comparison: Hierarchical Ordinary Least Squares Regression Results for Relationship in the Workplace ^a

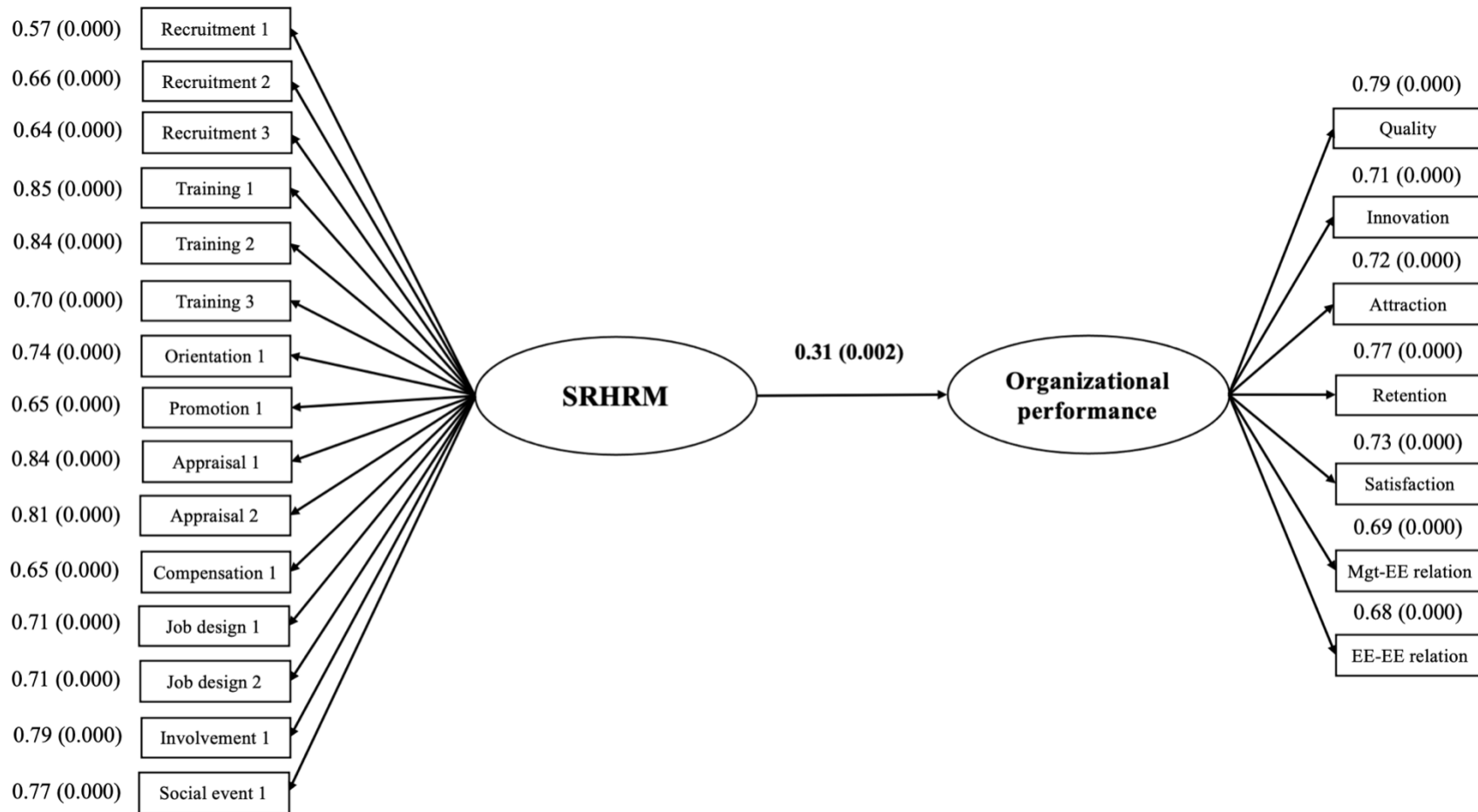
Variables	Model 1	Model 2	Model 3	Model 4
Manufacturing industry	0.10 (0.13)	0.08 (0.13)	0.07 (0.13)	0.08 (0.13)
Number of employees (log)	0.07* (0.03)	0.07* (0.03)	0.07* (0.03)	0.07* (0.03)
SRHRM			0.14* (0.06)	0.22* (0.11)
HPWS		0.14 (0.15)		0.06 (0.15)
High-commitment HR systems		-0.09 (0.17)		-0.11 (0.16)
Relationship-oriented HR systems		0.03 (0.09)		-0.08 (0.10)
Adjusted R ²	0.04	0.03	0.08	0.06
ΔR^2	-	-0.01	0.04*	0.07*
Mean VIF	1.02	2.6	1.02	2.81

Notes: N = 98 (Sample 4). SRHRM = strategic relational human resource management. HPWS = high-performance work systems.

^a Table 5 reports unstandardized beta coefficients, standard errors are in parentheses, the change in R² (ΔR^2) for Model 2 and Model 3 is in comparison to the R² for Model 1, and ΔR^2 for Model 4 is in comparison to the R² for Model 2.

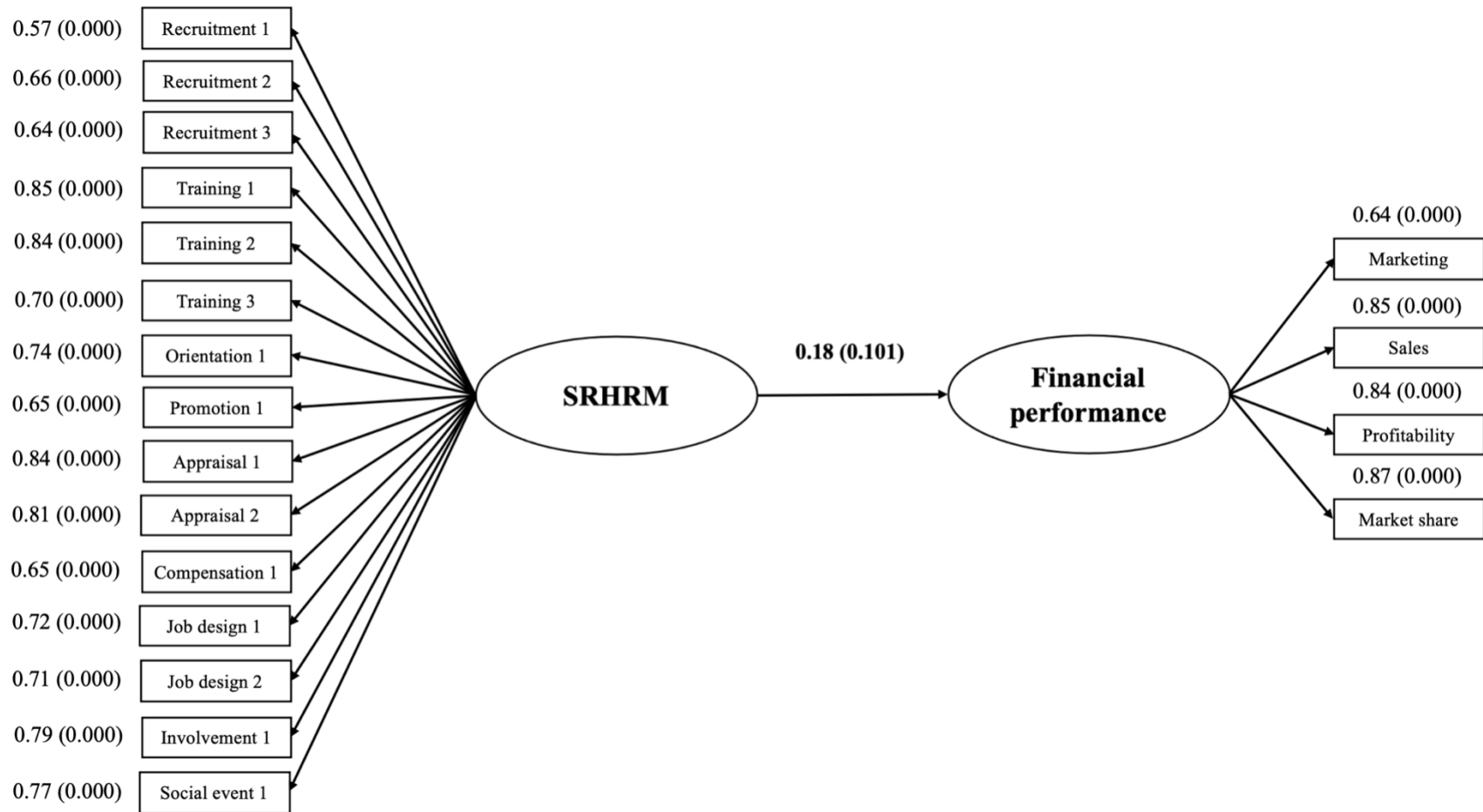
+*p* < 0.10, **p* < 0.05, ***p* < 0.01.

FIGURE 1a. Modelling the Effect of SRHRM on Perceived Organizational Performance



Note: I conducted separate SEM analyses to test the relationship between SRHRM and the four performance outcomes. The goodness-of-fit statistics for the four models are shown in Table 5.

FIGURE 1b. SEM Analysis on the Effect of SRHRM on Financial Performance



Note: The values in the parenthesis are the p-values. N = 98. I only displayed the SEM analysis for operational performance as an illustrative case. The results for other three performance outcomes are available upon request.

FIGURE 2a. Modelling the Effect of SRHRM on Sub-Dimensions of Firm Performance

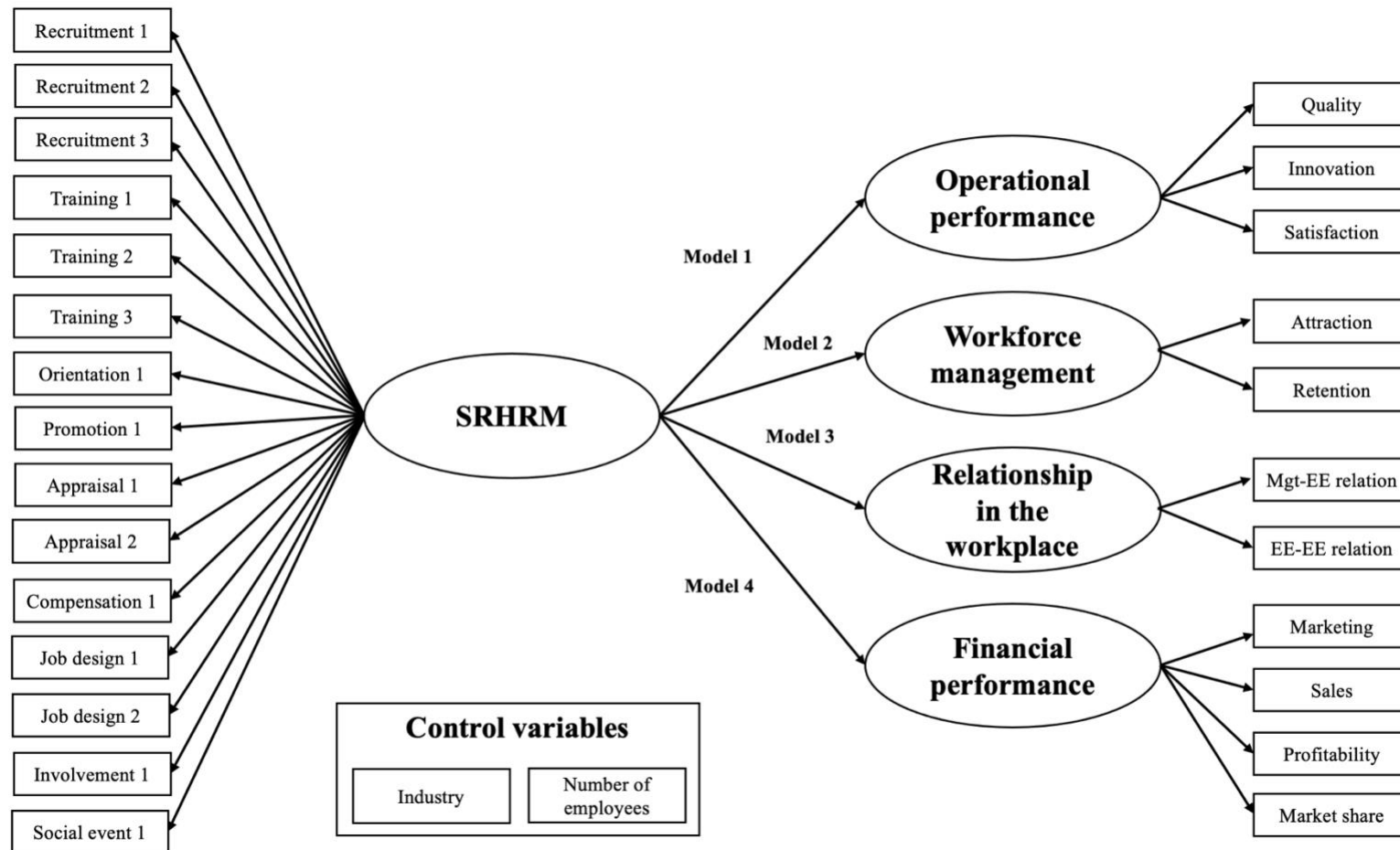


FIGURE 2b. SEM Analysis on the Effect of SRHRM on Operational Performance

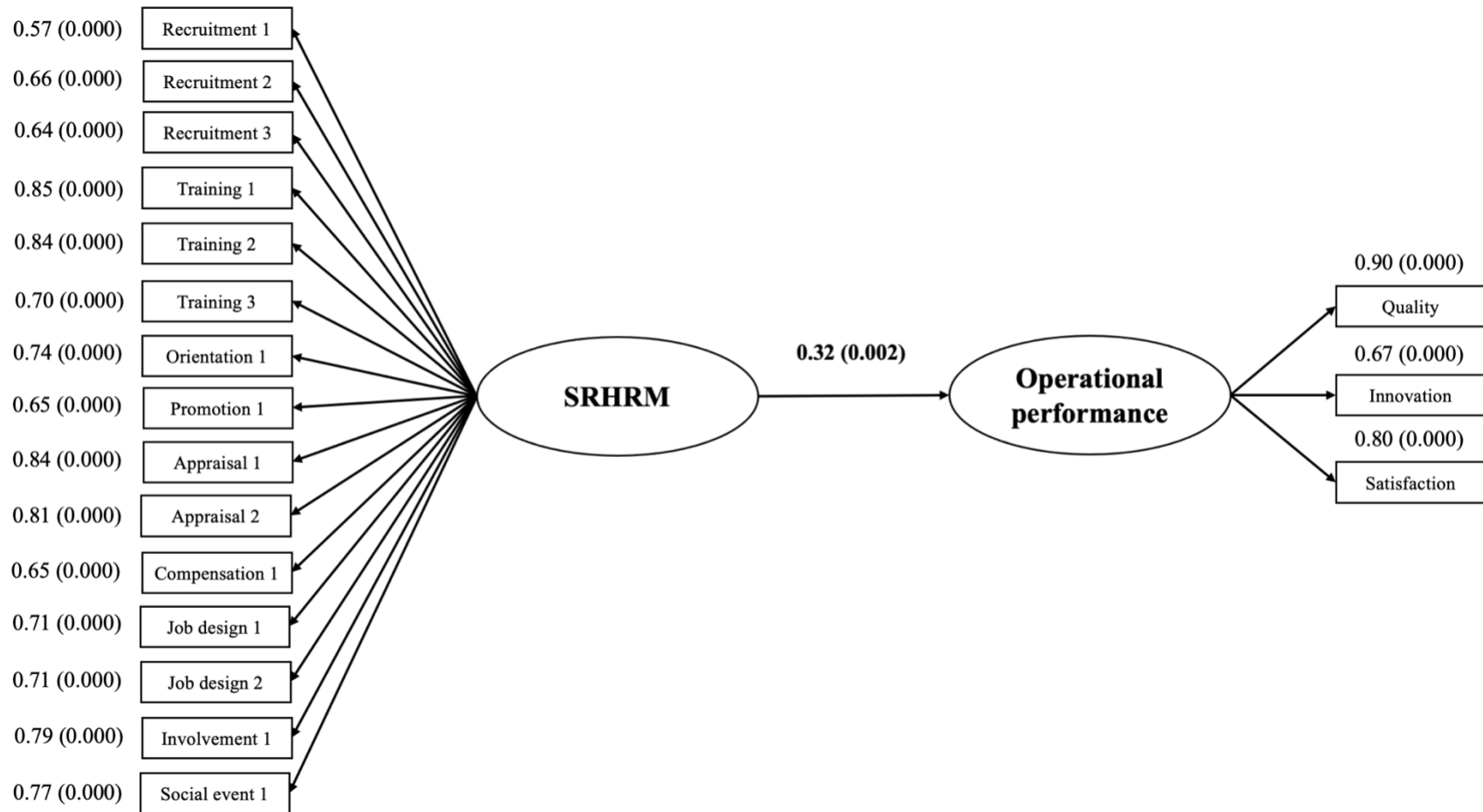


FIGURE 2c. SEM Analysis on the Effect of SRHRM on Operational Performance with Control Variables

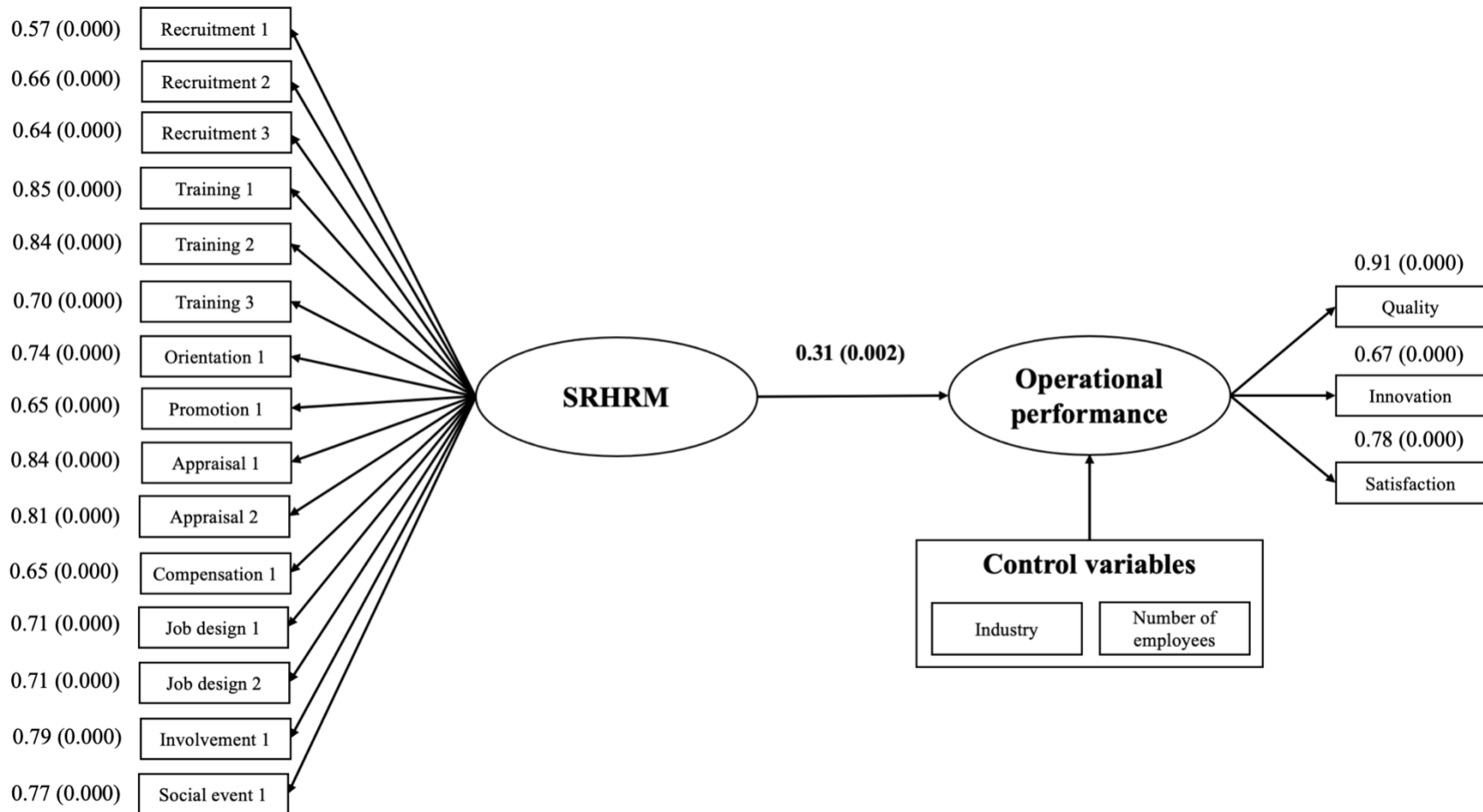
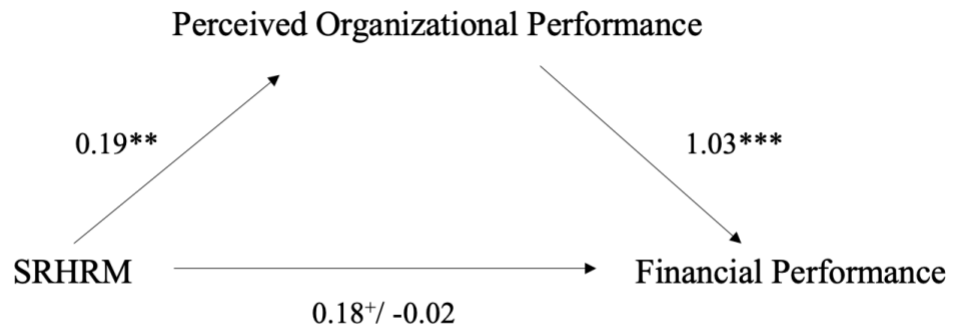
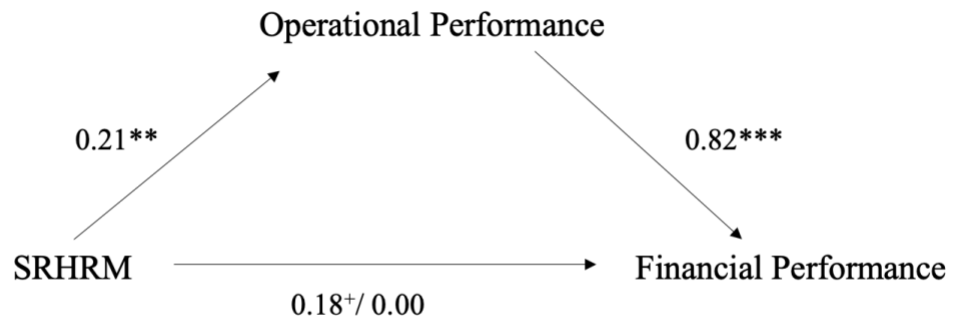


Figure 3a. Indirect Effect Test (Perceived Organizational Performance)



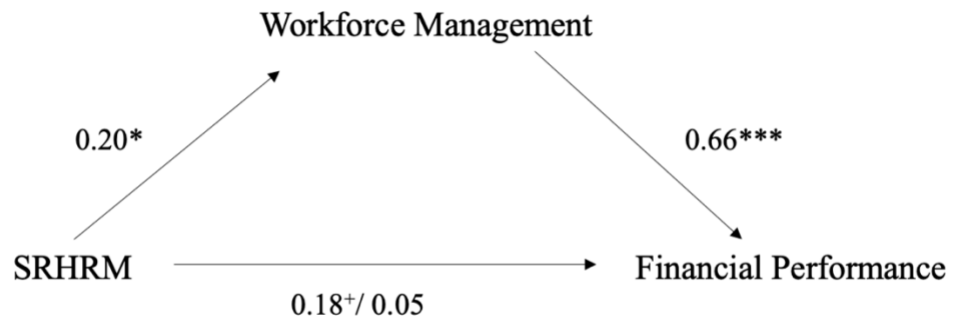
Note. Unstandardized coefficients are reported.

Figure 3b. Indirect Effect Test (Operational Performance)



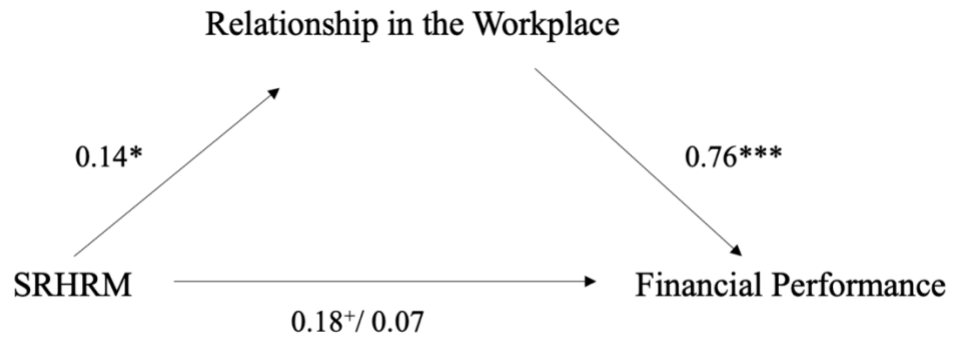
Note. Unstandardized coefficients are reported.

Figure 3c. Indirect Effect Test (Workforce Management)



Note. Unstandardized coefficients are reported.

Figure 3d. Indirect Effect Test (Relationship in the Workplace)



Note. Unstandardized coefficients are reported.

Appendix. Items of SRHRM Scale

Please indicate the extent to which your company implements the following human resource management practices and offers these to employees.

SRHRM Items	Item code
a. Recruitment & Selection	
1. Relational knowledge, skill, and ability (KSA) are included in recruitment advertisements.	recruit_ksa
2. In the selection of new employees, we emphasize not only technical knowledge, skill, and ability (KSA), but also their relational knowledge, skill, and ability (KSA).	select_ksa
3. In the selection of new employees, candidates' relational knowledge, skill, and ability (KSA) are weighted heavily in the decision.	select_weight_ksa
b. Training & Development	
4. Employees go through training programs for improving relational knowledge, skill, and ability (KSA) periodically.	train_ksa
5. We invest considerable time and resources (e.g., training, workshop, etc.) for improving employees' relational knowledge, skill, and ability (KSA).	invest_ksa
6. We use mentoring assignments as a way to improve employees' relational knowledge, skill, and ability (KSA).	mentor_ksa
c. Socialization/Onboarding Program	
7. We adopt extensive socialization programs (e.g., orientation, company tour, team building practice, social event) to help newcomers enhance their relational knowledge, skill, and ability (KSA).	orient_ksa
d. Promotion	
8. We consider an employee's relational knowledge, skill, and ability (KSA) when making promotion decisions.	promote_ksa
e. Performance Appraisal	
9. We provide feedback to employees on their relational knowledge, skill, and ability (KSA).	feedback_ksa
10. Employees are evaluated on their relational knowledge, skill, and ability (KSA).	appraisal_ksa
f. Compensation and Reward	
11. We offer financial incentives (e.g., training subsidy) for employees to enhance their relational knowledge, skill, and ability (KSA).	comp_ksa
g. Job Design	
12. Relational knowledge, skill, and ability (KSA) are required in the job description.	jobdesign_ksa
13. We adopt flexible job design (e.g., job rotation, job enrichment, etc.) to enhance employees' relational knowledge, skill, and ability (KSA).	jobflex_ksa
h. Participation and Involvement	
14. We seek employees' advice on how to improve their relational knowledge, skills, and ability (KSA).	involve_ksa
i. Meeting and Event	
15. We arrange various events for employees to develop their relational knowledge, skill, and ability (KSA).	event_ksa

Appendix. Survey Instruments

Survey Part 1 - HR Manager/Director

Strategic Relational Human Resource Management system: (15 items)

Please indicate the extent to which your company implements the following employment practices and offer these to employees: 1 = not at all; 6 = very extensively.

Please consult the following definition of relational knowledge, skill, and ability (i.e., relational KSA) when you respond to the questions that use this concept.

Relational KSA refers to individual's KSA to build and/or maintain various types of relationships at workplace (e.g., interpersonal KSA, conflict resolution KSA, collaborative problem solving KSA, planning and task coordination KSA, network-building skill, teamwork ability, information sharing skill, etc.).

1. Relational knowledge, skill, and ability (KSA) are included in recruitment advertisements.
2. In the selection of new employees, we emphasize not only technical knowledge, skill, and ability (KSA), but also their relational knowledge, skill, and ability (KSA).
3. In the selection of new employees, candidates' relational knowledge, skill, and ability (KSA) are weighted heavily in the decision.
4. Employees go through training programs for improving relational knowledge, skill, and ability (KSA) periodically.
5. We invest considerable time and resources (e.g., training, workshop, etc.) for improving employees' relational knowledge, skill, and ability (KSA).

6. We use mentoring assignments as a way to improve employees' relational knowledge, skill, and ability (KSA).
7. We adopt extensive socialization programs (e.g., orientation, company tour, team building practice, social event) to help newcomers enhance their relational knowledge, skill, and ability (KSA).
8. We consider an employee's relational knowledge, skill, and ability (KSA) when making promotion decisions.
9. We provide feedback to employees on their relational knowledge, skill, and ability (KSA).
10. Employees are evaluated on their relational knowledge, skill, and ability (KSA).
11. We offer financial incentives (e.g., training subsidy) for employees to enhance their relational knowledge, skill, and ability (KSA).
12. Relational knowledge, skill, and ability (KSA) are required in the job description.
13. We adopt flexible job design (e.g., job rotation, job enrichment, etc.) to enhance employees' relational knowledge, skill, and ability (KSA).
14. We seek employees' advice on how to improve their relational knowledge, skills, and ability (KSA).
15. We arrange various events for employees to develop their relational knowledge, skill, and ability (KSA).

High-Performance Work System: (10 items)

1. Training is provided regularly to employees.
2. Jobs and tasks that offer employees the opportunity to learn new things.
3. Employees' career ambitions and goals are taken into account in the company.
4. Employees are informed about opportunities for development the organization offers.
5. Equal opportunities are offered to employees regardless of gender, ethnicity, nationality, sexual orientation, or religion.
6. Employees are allowed to determine the way in which they perform their work.
7. Employees are given room to make decisions in issues relating to their work.
8. Employees work as part of a team.
9. The work demands of the job that employees are appraised on are made clear to them.
10. Employees are informed about how their performance on work tasks is rated.

High-Commitment Work System: (16 items)

1. We select employees based on an overall fit to the company.
2. Our selection system focuses on the potential of the candidate to learn and grow with the organization.

3. Employee bonuses or incentive plans are based primarily on the performance of the organization.
4. Salaries for employees at core positions are higher than those of our competitors.
5. We provide multiple career path opportunities for employees to move across multiple functional areas of the company.
6. Performance appraisals are used primarily to set goals for personal development.
7. Performance appraisals are used to plan skill development and training for future advancement within the company.

Collaborative Climate (4 items)

1. Employees in our company work collaboratively as a team to achieve goals.
2. Employees in our company provide support and help to each other.
3. Employees in our company collaborate to find the best solution to problems.
4. Employees in our company coordinate efforts with each other.

Relationship-Oriented HRM: (10 items)

1. Employees in our company are provided feedback on their ability to develop relationships with key people external to the firm.
2. Strategies for developing personal relationships with key people external to the company have been discussed with our company.

3. Employees are provided feedback on their ability to develop relationships with employees across different areas of the firm.
4. Employees have received training to develop personal relationships with other employees in the firm.
5. We provide employees extensive reimbursement for attending conferences and seminars.
6. Progress summaries of all parts of the unit's activities are shared with all members of the company.
7. We regularly hold company-wide meetings to share information about progress with the project.
8. Frequent meetings are held with all members of the firm
9. Employees regularly provide informal feedback to one another about job performance.
10. We sponsor events for employees to get together outside of work to get to know one another better.

Survey Part 2 – Non-HR Manager/Director

Perceived Organizational Performance

How would you compare the organization's performance over the past year of 2020 to that of other organizations that do the same kind of work? What about...

Please rate where 1 = a lot worse than competitors; 5 = a lot better than competitors.

1. Quality of products, services, or programs
2. Development of new products, services, or programs
3. Ability to attract essential employees
4. Ability to retain essential employees
5. Satisfaction of customers or clients
6. Relations between management and other employees
7. Relations among employees in general
8. Marketing
9. Growth in sales
10. Profitability
11. Market shares

CONCLUSION CHAPTER

The three chapters included in the present thesis highlight the important role of workplace interpersonal relationships in managing human resources strategically. These three chapters were carefully designed to explore, reveal, and stress the critical role of relationships in strategic human resource management (HRM). The first two chapters were conducted simultaneously to explore and investigate how HRM systems with a relational view have the potential to influence the achievement of organizations' strategic goals theoretically and practically. Specifically, the first chapter reviewed and identified the research gaps in the extant strategic HRM literature; the second chapter used an inductive approach to explore and find the role of relationship-oriented collaboration in the HRM systems of young firms; further inspired by the exploratory findings of the second chapter, a theoretical multilevel model of strategic relational HRM systems is also proposed in the first chapter. Then, the third chapter developed a measure of strategic relational HRM following a rigorous process of measurement development in order to encourage and benefit future research from a further investigation of the impact and process of strategic relational HRM systems.

The multilevel model of strategic relational HRM follows one of the core principles in strategic HRM — organizational performance is influenced by the way employees are managed. It also reveals the core idea of how to manage the complex interpersonal relationships in the workplace which locates at the employees' relational knowledge, skills, and abilities. The essential solution of strategic relational HRM (i.e., a cohesive system of HR practices that facilitates employee relationship building and maintenance) developed in the present thesis is designed to strengthen employees' core relational knowledge, skills, and abilities which will

function as the micro-foundation of employees' relationship building and maintenance in the workplace.

In sum, the emerging need of collaboration for organizations with complex firm structure and/or high task interdependence, which has made the integration of a relational view into strategic HRM urgently needed. In recognition of the importance of workplace interpersonal relationships, the three chapters in the present thesis work cohesively for providing a practical and valuable solution (i.e., strategic relational HRM) with scholars and practitioners to either investigate in their future studies or implement in their workplace. The general findings of the present thesis have elaborated on how strategic relational HRM will improve organizational performance through the micro-foundation of relationship-building — employees' relational knowledge, skills, and abilities. Future studies can benefit from exploring whether and how contexts (e.g., unionization, cultural difference, organizational climates) or individual characteristics (e.g., personality) will influence the effectiveness of strategic relational HRM.