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A CONCEPTUAL APPROACH TO THE CREATION AND EARLY DEVELOPMENT OF HUMAN RESOURCE MANAGEMENT DEPARTMENTS

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Abstract

This paper deals with the creation of HRM departments in small to medium-sized firms. It presents propositions based on efficiency, agency and institutional theory regarding the transfer of personnel practices from the top management to the newly created department. Applications are made towards a strategic and systemic view of HRM. Implications follow.

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Researchers in personnel tend to focus on human resource management (HRM) issues in large organizations, thus paying scant attention to phenomena which are peculiar to small to medium-sized firms (Bacon, Ackers, Storey, & Coates, 1996; Hendry, Arthur, & Jones, 1995; Purcell, 1993).

This paper is about one of those understudied phenomena: the creation and initial development of HRM departments. Studying the process of early formalization of the personnel function is important both for its own sake and because of its relationship with two of the most intriguing issues currently debated in the field: 1) the seemingly contradictory approaches of either increasing the status of the HRM function by making it more “strategic” (Golden & Ramanujam, 1985; Pfeffer, 1994; Ulrich, 1997) or else minimizing its role by devolving personnel responsibilities to the line (Lowe, 1992; McGovern, Gratton, Hope-Hailey, Stiles, & Truss, 1997; Stewart, 1996); and 2) the need to move away from the traditional piecemeal treatment of personnel practices (Beer, Spector, Lawrence, Mills, & Walton, 1984; Butler, Ferris, & Napier, 1991) by looking at them from a systems perspective (Ichniowski, Shaw, & Prennushi, 1997; MacDuffie, 1995; Wright & McMahan, 1992; Wright & Snell, 1991).

The single line of research that has consistently looked at the creation and evolution of HRM departments, still usually in large companies, comprises a handful of studies of a rather historical, aggregated nature (Baron, Dobbin, & Jennings, 1986; Dulebohn, Ferris, & Stodd, 1995; Jacoby, 1985). On the one hand, these studies identify major external influences on the formalization of the personnel function, cutting across long periods of time, and thus succeed in describing the social and economic trends shaping the institutional context in which the development of the HRM function is embedded. On the other hand, they are much more limited when it comes to indicating the top strategic management processes that are said to have grown increasingly influential in determining the transformations of today’s HRM function (Kochan & Capelli, 1984; Kochan, Katz, & McKersie, 1986).

Extant research on the creation and development of HRM departments needs to be complemented by work that 1) takes into account the specifics of small to medium-sized companies, 2) focuses on the relatively shorter time periods during which personnel departments are created and stabilize as distinct organizational units, and 3) underlines the strategic role played by the top management team in structuring the personnel function.

This paper contributes to that work by making sense of two tendencies affecting the ownership of responsibility for HRM practices in small to medium-sized firms. First, creating an HRM department involves transferring ownership of HRM practices from the top management to the new department. Second, the HRM department is never likely to own the practices completely since 1) top management may retain total or partial ownership of some of the practices, and 2) the HRM department may in turn transfer some practices back to the line. Drawing on rational-efficiency, agency and institutional theory, we present a set of propositions on the logic behind the process of transferring responsibility for personnel practices from the top management team to the HRM department. Implications for practice and research will follow.

Birth of the human resource management department

Historical accounts of the introduction of HRM departments center on frictions sparked by the transfer of authority over personnel practices, in large companies, between foremen and production managers, on the one hand, and personnel managers, on the other (Jacoby, 1985: 161-165). For two reasons, however, those accounts bear little resemblance to the processes by which companies currently introduce and institutionalize a separate HRM function. This is due, first of all, to differences in organizational size: anecdotal evidence shows that firms begin to consider whether to create personnel departments as they begin to employ around one or two hundred employees, well before they reach a much larger size. Secondly, the tasks transferred to the new HRM department were previously performed, personally, by the top management, rather than by production foremen and supervisors (Myers, 1986: 18-26). Therefore, creating HRM departments in small to medium-sized firms becomes less a matter of two parties –foremen and personnel staff– arguing over who should design and implement personnel practices, and more a matter of whether and to what extent the top management trusts the new department to perform those practices. Efficiency, agency and institutional considerations will help us develop a conceptual framework that encompasses these processes of conflict and trust between the top management and the HRM staff.

HRM Staff and Top Management Relations: Efficiency, Agency and Institutional Views

During the first stages of organizational growth, the top managers –excluding, for the sole purposes of this study, the HR managers– fix the content of the HRM practices. The top managers are usually personally involved in hiring, evaluating employee performance, setting salary and wage levels, analyzing training needs and so on. Because top managers also define the strategy of the firm, the content of those initial, highly informal HRM practices corresponds quite precisely to the strategy (Baron, Burton, & Hannan, 1996; Hannan, Burton, & Baron, 1996). We can define this as a situation of “natural fit” between strategy and HRM because of the perfect match or degree of harmony between the two.

As the company grows, the top managers may begin to delegate some HRM responsibilities to certain managers and supervisors. But the growth of the firm eventually leads to increasing complexity in the management of people. At that point, top management may realize that they need to bring in someone to keep track of employment issues (Bendix, 1956: 211-212). The HRM department is then born as a separate function. Of course, maintaining the natural fit between strategy and HRM may become increasingly difficult as newly appointed personnel managers introduce standard practices that are not fitted to the specific circumstances of the firm and its strategy. Left unchecked, this process of deterioration of the natural fit ends in a state of HRM strategy isolation (Smith, Boroski, & Davis, 1992) in the face of institutional pressures to conform to practices set forth by key players –such as professional associations of HR managers– in what can be called the personnel “societal sector” (Scott & Meyer, 1991a).

We can then view the departmentation of the personnel function as the outcome of efficiency, agency and institutional influences. On the one hand, efficiency pressures born of increased organizational size and complexity move top managers to transfer some of their HRM responsibilities to the new personnel department while, at the same time, trying to maintain the natural fit between strategy and HRM. The possibility of having HR managers design and implement personnel practices not aligned to the strategy constitutes a potential conflict between personnel managers and top managers with opposing views on the content of the practices. Agency theory, initially developed to deal with conflicts of interest between a firm's stockholders and managers (Jensen & Meckling, 1976), can also provide useful insights into potential "goal conflicts" (Eisenhardt, 1989) between employees and their organizations (Jensen, 1989). As a matter of fact, a relatively straightforward parallel can be drawn between shareholders as principals who delegate decision-making authority to managers who act as their agents, and top managers who delegate responsibility for personnel issues to newly appointed HR managers. In the end, "agency induces additional agency in a chain reaction, emerging as further levels of social organization" (White, 1992: 96).

On the other hand, institutional forces affect the potential for conflict in two ways. First, by setting the internal –organizational– and external –industry field– environments in which the relationship between the two parties takes place, since, again according to White, agency theory should not become too easy an alibi for retreating "from the complexities of embedding (Granovetter, 1989)" (1992: 96). Second, institutional factors also affect efficiency and agency considerations by channeling coercive, mimetic and normative pressures to conform to standards of legitimate practice (DiMaggio & Powell, 1983). More specifically, for instance, personnel selection, promotion, and compensation practices are partially shaped by legal and quasi-legal mandates which constitute a source of coercive pressure (Dobbin, Sutton, Meyer, & Scott, 1993; Sutton, Dobbin, Meyer, & Scott, 1994). Mimetic pressures include benchmarking of "best HRM practices" (Lake & Ulrich, 1992; Kochan & Osterman, 1994; Pfeffer, 1994), and the diffusion of employment arrangements through consulting firms and professional associations (Scott & Meyer, 1991b). Normative isomorphic factors can be traced to the recruitment and selection of personnel managers from homogeneous pools, the use of generic socialization processes, and the professionalization of HRM departments (Baron, Dobbin, & Jennings, 1986; Jacoby, 1984). In the next section we will apply basic postulates from efficiency, agency and institutional theory to the process by which top managers transfer ownership of HRM practices to the new personnel department, thus contributing to the formalization of a separate, yet not necessarily independent, organizational function.

Transference of personnel practices to the HRM department

Once the HRM department is in place, certain personnel practices that had been in the hands of top managers are transferred to the department. Transference of practice is, initially, the outcome of efficiency pressures towards the professionalization of the personnel function fueled by the increasing growth and complexity of the organization. The transference process, however, is also affected both by the potential for goal conflict between personnel professionals and top management, and by institutional influences comprising the internal and external environments of the organization. As a consequence, the process unfolds neither automatically nor instantaneously. In this section, we will discuss the effect of six major factors on the way HRM practices are transferred from the top management to the new department. Two of those factors –time demands and operational complexity– relate to efficiency pressures. Two other factors –investment impact and commitment reversibility–

signal top management responses to potential agency conflicts. Finally, we argue that institutional influences operate through two other transference factors –stakeholder dynamism and content standardization.

Transference Factors: The Efficiency Approach

Professionalization of the personnel function can be viewed as part of a process of "bureaucratization (that) may be interpreted as the increasing subdivision of the functions which the owner-managers of the early enterprises had performed personally in the course of their daily routine... As the work involved became *more extensive and complex* [italics added] with the development of economic enterprises, it came to be delegated to subordinates both with regard to routine work and with regard to selected aspects of the entrepreneurial function proper" (Bendix, 1956: 211-212). This is consistent with standard accounts of functional departmentation processes around occupational, professional skills (Daft, 1992: 191-194; Robey, 1991: 186-190). For our purposes, as the firm grows, the HRM departmentation process reflects the influence of increasing time demands and implementation complexity on the need to delegate personnel functions.

"Time demands" refers to whether a given HRM practice is more or less time-consuming for those responsible for designing and implementing it. For instance, keeping employees aware of their rights and responsibilities and of company policies –communication practices– can be extremely time-consuming. Agreeing on the entry wage level for a given employee, by contrast, may not be seen by top managers in medium-sized companies to be so time-consuming. Hence, we propose the following effect:

> ***Proposition 1:*** Other things constant, the greater the time demands of a given HRM practice, the more likely it is to be transferred to the new HRM department.

"Operational complexity" refers to the technical task difficulties attached to the design and implementation of any given personnel practice. In this sense, for instance, maintaining an efficient approach to communicating company policies to employees can be technically complex due to the need to deliver the information in a consistent, fair and legal fashion, and to the diverse backgrounds and levels of sophistication that different groups of employees may possess. Other practices, such as maintaining consistent wage structures for different groups of employees, might not be as technically complex in relatively small companies. The logic behind this factor lies in transferring first those practices that demand greater technical skill. Therefore,

> ***Proposition 2:*** Other things equal, the greater the operational complexity of an HRM practice, the more likely it is to be transferred to the personnel department.

Transference Factors: The Agency Approach

Insofar as the transference of practices to the new department is never free of potential goal conflicts between top managers and HR managers, a logic of "test-and-transfer" will guide the sequential transference of HRM practices. Top managers will begin by gradually testing the HR staff to find out whether the design and implementation of practices already transferred actually conflicts with the goals of the top management team. As long as the department has a record of no goal conflict, further allocation of practices to the personnel department may proceed. In this way, management increases the chances of maintaining the natural fit between strategy and HRM. The test-and-transfer agency logic can be operationalized through two factors: investment impact and commitment reversibility.

"Investment impact" refers to the effect that any given practice will have on the firm's cash flow: designing and implementing "expensive" HRM practices has a higher investment impact than designing and implementing "cheaper" ones. Potential agency conflicts between personnel managers and top managers are likely to induce top managers to begin by transferring first of all practices with lower investment impact, leaving practices with higher impact for later. That will be the case especially when the expected returns on the investment of each practice are only likely to materialize in the long run, or are difficult to measure, or both. To put it another way, the transference of higher investment impact practices may only begin once top managers are convinced that they can trust HR managers to implement those practices according to the firm's strategy. As an example, it is easy to see that formal communication practices such as the writing of employee manuals or newsletters do not require large investments, while the opposite is true of career development or compensation. Thus, we propose the following:

> ***Proposition 3:*** Other things constant, the lower the impact of a HRM practice on the firm's cash flow, the more likely that practice is to be transferred from top management to the new HRM department.

"Commitment reversibility" refers to the actual feasibility of changing established practices as needed (Ghemawat, 1991). Here, resistance to changing HRM practices has little to do with technical task complexity or history-induced inertia. Rather, reversibility of practices is linked to the nature of both the individual expectations and the organizational commitments that those practices may create and sustain. Given that the compensation system usually creates important expectations at the heart of the formal and psychological contract with employees, changing the wage structure, for example, is likely to be fraught with suspicion and opposition from the employees. In these cases, practices which are not easily reversible will tend to remain under top management control for relatively longer periods of time. More formally, we propose that:

> ***Proposition 4:*** Other things constant, the greater the degree of commitment reversibility involved in an HRM practice, the more likely it is that top managers will transfer that practice to the personnel department.

Transference Factors: The Institutional Approach

Institutional pressures also influence the configuration of the set of responsibilities for personnel practices with which the HRM staff –often just a single personnel manager– is entrusted by the top management of small to medium-sized firms. Forcing the terminology a bit, however, we would like to consider here not only the external environment of the firm, but also the internal political environment in which the influence of the efficiency and agency factors already described are embedded.

"Stakeholder dynamism" encompasses some of the most delicate political problems decision makers face when dealing with alternatives close to the goals of different constituencies and coalitions (Cyert & March, 1963; Pettigrew, 1973). This is clearly the case with HRM practices about which employees, unions, managers and owners hold differing, if not opposing, views. This factor introduces two variables of a highly political nature: the number of stakeholders affecting and affected by HRM practices, and their desire to establish control mechanisms over the design and implementation of those practices. Communication practices, for instance, are usually less vital to an organization's stakeholders than the form and structure of the compensation system. Therefore,

> ***Proposition 5:*** Other things being equal, the less critical the value of an HRM practice is to different stakeholders within the company, the more likely it is that top managers will transfer that practice to the HRM department at a relatively early stage.

"Content standardization" looks at the effects of the external institutional HRM environment on 1) the design and implementation of personnel practices, and 2) the locus for operationalization of that design and implementation (top management team, HRM department, line management or the employees themselves, individually or in groups). In other words, the external institutional HRM environment, as represented by the employment law, professional associations, and academic programs and publications, influences who is in charge of designing and implementing HRM practices as well as the design and implementation of those practices. Following the example we have been using so far, communication practices such as the employee handbook are almost completely standardized in the sense that there is a high degree of consensus on the specific content, and even the form, that an employee manual should have (McWhirter, 1994). Books on how to develop such manuals, with precise details on process and content, are often found on the shelves of personnel managers in small to medium-sized companies. However, the same cannot be said of practices such as compensation; there are no books or articles that recommend specific pay systems for general use, without a careful prior consideration, on a case-by-case basis, of the external circumstances and internal processes of the individual company.

The degree of content standardization of a given HRM practice may affect the transference process in two ways. First, HR managers may tend to feel more strongly about their role with regard to a given practice when there is a consensus within the HRM profession about how that practice should be designed and implemented. Therefore, it will be in these areas of stronger external institutional influence that personnel managers will exert greatest pressure on the top management to have practices transferred to the HRM department. Second, since top managers too may be swayed by institutional influences from the personnel societal sector, they may be more likely to regard HRM practices with a high level of content standardization as practices over which the HRM department should exercise stronger ownership. Finally,

> ***Proposition 6:*** Other things equal, the higher the level of content standardization of a given HRM practice, the more likely it is to be transferred from the top management to the HRM department.

Integrating the Factors: Towards an Ownership Transference Model of HRM

Six factors have been proposed as driving the process by which HRM practices are transferred from the top management to the newly created HRM department. Unless all of these factors –or most of them– converge in the same transference pattern –that is, unless they predict the same sequence of transference of practices– ambiguities are bound to appear as to which specific transference sequence should emerge. Do HRM departments, for instance, begin by "owning" responsibility for communication practices, followed by recruitment and selection, performance appraisal, training and development and, finally, compensation? This is a question that needs to be clarified by empirical research aimed at testing the propositions presented in this study.

All six factors have been assumed to drive the process, but it is not clear that all of them need to operate with the same intensity at all times. Therefore, the robustness of the transference model will be extremely sensitive to alternative weightings of the factors.

From a different viewpoint, as time goes by and the first transferences of personnel practices take place, the intensity with which each factor drives the process can be expected to decline. Thus, once top managers are “liberated” from the operational complexity and time demands of HRM practices already transferred, they may be under less pressure in managing the practices still under their control. Similarly, once top managers have transferred HRM practices with higher levels of content standardization, they may feel much less institutional pressure to go on and transfer other practices with lower levels of standardization. This means that the process may fall short of completing the transfer of all the personnel practices, which, as we shall see, has major implications for the formulation of a systemic view of HRM practices (Ichniowski, Shaw, & Prennushi, 1997; MacDuffie, 1995; Wright & McMahan, 1992; Wright & Snell, 1991).

Of course, the transference model may be based on very specific circumstances that are only to be found in the earlier stages of organizational development, not in older and/or larger firms (Greiner, 1972). Inertia, for instance, may freeze the transference process in older, larger firms, e.g. by preventing “regret effects” by which top managers may take back practices already transferred to the HRM department, perhaps because of inefficiency. Institutional pressures –internal and external– may also affect larger firms differently, since the pressures will come from more varied and complex stakeholder groups –unions, consumer associations, environmentalists, and so on. As a result, the transference process may be more unstable and unpredictable than in smaller, younger firms.

Finally, it is important to note that the transference process does not necessarily end in the personnel department. Ownership of HRM practices –partially at least– may be transferred from the personnel department back to the line of operations. In this case, HRM practices are unlikely to be transferred back to the line without the department having first “treated” them in some way. To use a metaphor, “raw practices” are transferred from the top management to the HRM department, which first “transforms” the raw practices, and then transfers some of the “elaborated” practices back to the line. Company growth, for instance, makes it difficult for all the managers and supervisors in a firm to perform communication practices consistently and thoroughly. However, once certain specific communication tools, such as the employee handbook, are in place, it becomes easier for managers and supervisors to attend to employees’ communication needs. Similarly, it may be too difficult –and too unreliable– to evaluate employee performance without first having the HRM department establish some guidelines, process forms and supervisory training. Once the appraisal mechanisms have been developed by the personnel department, line managers are in a much better position to actually implement the evaluations. This is not the place, however, to enter into the specifics of this “second transference round” of HRM practices, a process of “devolution” of responsibilities to the line which has been extensively researched already (Brewster & Söderström, 1994; Lowe, 1992; McGovern, Gratton, Hope-Hailey, Stiles, & Truss, 1997; Richards-Carpenter, 1992; Stewart, 1996).

Building a strategic HRM system in small to medium-sized firms

Thus far we have looked at the personnel transference process in abstract, formal terms. At this point, we need to focus on how the transfer of HRM practices affects the strategic build-up of the HRM system in small to medium-sized organizations.

Fist of all, the strategy of the firm needs to become the main referent for understanding the transference process. The efficiency factors –operational complexity and time demands– only make sense in terms of their instrumentality for defining and implementing strategic goals. Operational simplicity is “better” than operational complexity only in abstract terms; in practice it makes sense only as long as it helps formulate and implement the chosen strategy. Time demands on top managers, as they relate to the design and implementation of HRM practices, become a strategic constraint because of the interaction of organizational growth and the increasingly limited availability of the resources –time being one of them– with which organizations compete.

A similar argument can be made with regard to the agency transference factors. Investment impact is not just a criterion for assessing whether a particular HRM practice will be cheap or expensive for the company, since either investment impact relates to attaining strategic goals or it becomes mere “cost impact.” Strategy is also the main referent for understanding the commitment reversibility factor. In fact, it has been argued that managing the reversibility of decisions involving the commitment of firm resources is at the very heart of the strategy process (Ghemawat, 1991). Resources are only committed in the first place to the extent that they will help define and implement the strategy.

The situation is slightly different with the institutional factors since, at their extreme, they may constitute transference criteria completely unrelated to the firm’s strategy. Stakeholder dynamism relates to the company’s internal politics, which may or may not be an asset to strategy formulation and implementation. Similarly, content standardization is defined outside of the organization by the institutions comprising the personnel societal sector. Precisely because the content of these factors may be defined independently of strategy, firms need to place special emphasis on how the factors interact with their particular strategy. Once this analysis has taken place, decision makers will be in a position to give more or less weight to the institutional factors as determinants of the transference process.

In summary: on the one hand, time demands, operational complexity, investment impact and commitment reversibility can only be understood as a function of the strategy of the firm. Separated from the strategy they are meaningless for an understanding of the transference process and the integration of HRM practices and strategy. Stakeholder dynamism and content standardization, on the other hand, need to be understood in relation to –not as a function of– the strategy in an instrumental way: they will explain the distribution of HRM practices and the level of integration of strategy and HRM only to the extent that they can be used to help design and implement the strategy. In this way, small to medium-sized firms can expect to grow and develop a specific personnel function while preserving and reinforcing the natural fit between strategy and HRM practices. To the extent that the new department promotes the natural fit between strategy and HRM, the chances are that the personnel staff will end up being considered as strategic partners by the top management team. However, small to medium-sized firms will also have to consider the “strategic” option of not making the HRM function strategic, whenever personnel managers design and implement practices which lead to a deterioration of the natural fit. The transference process may then work as a self-regulating mechanism able to paralyze the strategic HRM integration

(Golden & Ramanujam, 1985) as soon as personnel practices cease to support the firm's strategy.

Recently, there have been calls in the HRM literature for a systems approach aimed at avoiding the organizational waste of having different HRM practices neutralize, rather than reinforce, one another (Ichniowski, Shaw, & Prennushi, 1997; MacDuffie, 1995; Wright & McMahan, 1992; Wright & Snell, 1991). Systems thinking in HRM, however, has not only been scarce, but has also taken a static view which assumes that all the pieces in the system –the HRM practices– are already present and under the ownership of the personnel department.

The HRM ownership transference model tells us that only at the end of the transference process will we see whether all the pieces work together as an efficient system. While the process is unfolding, however, we can only maintain a dynamic view of the system. The sequential transference of HRM practices can then be seen as the process by which what begins in an unstable state of HRM system fragmentation may eventually end up in an equilibrium state of system completeness. That is why most contributions to HRM systems thinking need to be revised to encompass a dynamic view of the transference process. In doing so, systems thinking has to look at variables of the transference process such as smoothness, continuity, effectiveness and legitimation. Future research should help define, explain, and operationalize the role of these variables in the modeling of a dynamic HRM system. Meanwhile, some general implications of the transference model that may affect the development of a systemic approach to strategic HRM can be noted.

First, since not all practices may actually be transferred from the line to the personnel department, we may need to settle for fragmented HRM systems. We have seen that the direct result of the factors affecting the transference process, and the eventual interaction of different factors, may speed up or slow down the transfer of HRM practices: once the top management has been "liberated" from exercising certain HRM practices, it may be willing to retain ownership of the remainder.

Second, inertia can play both a positive and a negative role. On the positive side, it may keep the transference process going once it has started. On the negative side, inertial pressures need to be neutralized to allow the process to start.

Other developments may affect the exercise of personnel practices by the HRM department and the top management. Overall efficiency, for instance, may make it advisable to outsource certain practices. Also, the HRM department could be designed as a semi-autonomous unit within the firm with the ability to offer its services to other companies and sell its HRM expertise to organizations that decide to outsource some or all of their HRM practices (Ulrich, 1997: 97). In such instances, the transference model would not apply within the organization but among organizations. In sum, in order to develop a systemic approach to HRM in these circumstances we will need not only to adopt a dynamic view of the HRM system, but also to consider the HRM transference processes at work at different levels of analysis, both organizational and interorganizational.

Implications for practice and research

There are several implications here for research and practice. The transference dynamism we have analyzed may help explain and invite further research on processes such as the structuring and evolution of HRM departments, the relationship between strategy and HRM practices, and the roles of top managers and HRM professionals in those processes. These issues are at the core of many change processes in organizations. The transference process may also be expanded to other support functions in the firm, such as accounting, finance, and information systems. In fact, it has been suggested that the basics of the model can also be applied to directly productive operations in the value chain (K. M. Eisenhardt, personal communication, April 4, 1996).

Both HRM and general management practitioners can use the model to check for the presence of transference conditions within their organizations: as an assessment tool, the model may help managers structure the tasks of the HRM departments in their organizations. Further, practitioners may benefit from analyzing the alignment of the efficiency, agency and institutional factors that drive the HRM transference process, so as to avoid wasting organizational "energy" by allowing those factors to work at cross-purposes within the organization, especially among different units.

Research effort at the individual level of analysis could be linked to the stream of literature that develops individual-based models of the relationship between strategy and HRM, centered on trying to match organizational leadership with strategy (Crandall, 1987; Gerstein & Reisman, 1983; Herbert & Deresky, 1987; Rothschild, 1993; Thomas, Litschert, & Ramaswamy, 1991). This literature could be further expanded into micro-organizational behavior phenomena by observing how the interaction of dispositional and situational variables affects functional-departmental innovation and change within organizations.

At the inter-organizational level, the fact that HRM practices can cross organizational borders when their design and implementation is subcontracted may require expanding the process to include inter-firm transferences.

At the population level, the model may help shape research questions of special interest for institutional analysis. We have argued, for instance, that the transference process is affected by institutional factors. Especially intriguing is the question of whether and how institutional transference factors converge with efficiency and agency factors, which implies an analysis of whether they reinforce each other in predicting a common pattern of organization. □

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