



Cornell University
ILR School

ILR Review

Volume 58 | Number 4

Article 90

July 2005

HRM and Performance: Achieving Long-Term Viability

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collection of papers interest you and if you find the personnel economics approach appealing, or at least worth considering, *Personnel Economics* would be a wonderful collection to own. However, the \$390 price tag puts this two-volume set beyond the reach of many of us, even those of us with substantial book budgets. The cost also makes these volumes an unlikely choice as required classroom texts. It would therefore not be surprising to find that most readers will be consulting their libraries' copies. Those who do will be well rewarded.

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HRM and Performance: Achieving Long-Term Viability. By Jaap Paauwe. New York: Oxford University Press, 2004. xxi, 252 pp. ISBN 0-19-927390-1, \$119.50 (cloth); 0-19-927391-X, \$49.50 (paper).

This book is written to support Jaap Paauwe's long-held belief that much of the research and writing on the link between human resource management (HRM) and performance has suffered from too narrow a definition of performance and too limited a conceptualization of HRM. The book is less a critique of what has come before than a proposed course correction for the field. Drawing heavily on ideas from strategic management, industrial relations/institutional theory, and a vast international stream of research on the various links from HRM to performance, Paauwe puts forth a new model of HRM, which he calls "Contextually Based Human Resource Theory" (CBHRT). In the early chapters, he traces the origins of both contemporary business strategy and strategic human resources; later in the book, he offers his own thoughts and research findings.

The CBHRT model is robust and complex (hence the need for a book and not an article), and should prove interesting to academics, consultants, and practitioners. It allows the user, when analyzing specific HR environments, to recognize both "outside-in" dynamics (the five Porter forces model, for example: the bargaining power of customers, the bargaining power of suppliers, the threat of new entrants, the threat of substitute products, and the intensity of competitive rivalry) and "inside-out" forces (such as those stressed by the re-

source-based view (RBV), which focuses on firm members (people) as the source of competitive advantage). The HRM portion of the model encourages multiple measures of performance and a broad definition of stakeholders. Paauwe spends considerable time discussing the unique relationships among employer groups, works councils, and trade unions in the European context. In the case studies he contrasts the implementation of High Performance Work Systems in the United States with that in Europe, highlighting the different philosophies of change management.

But by Paauwe's own admission, parts of the model do not lend themselves to empirical testing. Much of the argument is derived from a series of case studies. The model does, however, lead the reader to consider a more inclusive definition of performance (beyond simple financial results) and a more complex analysis of HRM (beyond practices) than have been provided by most of the prior literature. In this regard, Paauwe draws a sharp distinction between the research done from a U.S. perspective and research done in Europe. Students studying global or comparative HR systems will find his summaries very useful.

The book concisely reviews a variety of research streams, and its topical breakdowns of the key contributions to date, incorporating both U.S. and European sources, will be useful to students in particular. Using CBHRT as the foundation, Paauwe compares and contrasts U.S. HR models with European systems (Dutch ones especially); these sections of the book would provide a useful discussion base for professors teaching comparative HR courses at the graduate level. Practitioners will find Paauwe's final chapter and case studies helpful in analyzing their own HR contributions in light of the model.

The book is well organized, thoughtful, and careful in its analysis of the state of the art. The appendices following many chapters contain summaries of the major findings in SHRM by topic and author. While Paauwe does propose a new model, the book is not a pure sales pitch. I would recommend it to those who study or practice HR in the global context, and especially to those who are interested in the field's future direction.

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