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# Adding Value and HRM Practice

## Evidence-Based HR

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### Abstract

We argue that although HR has a lot of tools and practices, it still lacks an overarching decision science that defines how organizations can obtain strategic success through their human resources. In order to support companies' informed HRM decision-making, we recommend establishing a tradition of evidence-based HR practices. Evidence-based HR is a family of practices, combining research evidence with contextual information and individual judgment of HR professionals as essential sources of information. After having reviewed implications for HR practice from scholarly work, economic and societal trends as well as business tools from other managerial domains, we discuss the potential of Talentship as an evidence-based decision science and as a first step towards a general way of thinking to support HR decisions. As such, we believe the present chapter provides a significant contribution to the insights of practitioners and scholars into the further development towards evidence-based HR.

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## 1 Introduction

As a result of 15 years of 'Dave Ulrich' thinking, HR professionals have made big steps towards becoming strategic partners in organizations (Ulrich 1997). Yet, leaders still struggle to make decisions regarding human resources that for sure will generate value. This is due to the lack of an evidence-based HR practice (Rousseau and Barends 2011), keeping companies from making informed human capital decisions. In order to fully develop HR's decision science commonly referred to as 'Talentship' (Boudreau and Ramstad 2002), it is necessary for

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managers and HR professionals to draw on evidence-based findings when making HR decisions. A decision science provides a logical, reliable and consistent framework that enhances decisions about a key resource. Although HR has a lot of tools and practices, it still lacks an overarching decision science, defining how organizations can obtain strategic success through their human resources. So, applying the decision science Talentship to HR practice means shifting the primary focus from “providing HR practices and programs” toward “supporting strategic HR decisions”.

The idea of using research evidence to help make managerial decisions is not new, though ‘evidence-based HR’ as a concept is rather new (EBHR; Anguinis and Lengnick-Hall 2012; Rousseau and Barends 2011). Just like evidence-based medicine and evidence-based management, evidence-based HR practice applies a family of approaches to support decision-making, typically building upon four sources of information: academic research findings, contextual circumstances, practitioner expertise and judgment, and the perspectives of stakeholders (Briner et al. 2009; Reay et al. 2009). We describe these sources of information, which eventually lead to an evidence-based HR practice, more in detail below.

First, academic research is the primary sort of evidence with the advantages of rigor and independence. In order to establish an evidence-based HR practice, HR practitioners should be aware of systematically reviewed scientific findings. Second, evidence-based HR is impacted by contextual circumstances. Although some scholars state that the research-practice gap in HR has grown larger over the years (Rynes et al. 2001), societal and economic trends are increasing the potential benefits of collaboration between HR scholars and HR practitioners (Tushman and O’Reilly 2007). Specifically, globalization and enduring crisis have forced HR professionals to actively look for new ideas that can help foster organizational performance (Van de Ven 2007). For example, the quadrant model developed by Ulrich (1997) in close collaboration with HR professionals, has had major impact on HR practice and has helped shape thinking on how HR can add value to organizations.

A third source of information for evidence-based HR, is practitioner expertise and judgment. In the end, evidence-based HR is something done by practitioners and their assessment of the situation, combined with their experience and expertise, offers a valued perspective for making HR decisions. To aid HR practitioners in making informed judgments, the authors of “Beyond HR” (Boudreau and Ramstad 2007) and “Retooling HR” (Boudreau 2010) explain how HR professionals can tailor existing managerial tools in order to make better HR decisions. Since these tools are already familiar to business leaders, they can enhance decision making by allowing a common language between all stakeholders. Fourth, the perspective of people affected by the decision-making process offers a final source of information. Main idea here is that, since each HR intervention is unique, the success of implementing an HR decision will also depend on the preferences and values of all stakeholders involved (Briner et al. 2009). As this source of information very much depends on the specific context, it is difficult to offer standardized guidelines. As such, we do not elaborate on it in this chapter.

In line with the progression towards evidence-based management, recently, several calls have been made to define a general approach or way of thinking that can be applied across HR decisions (e.g., Anguinis and Lengnick-Hall 2012; Rousseau and Barends 2011). Along this line, in this chapter, we want to contribute to HRM practice by offering several evidence-based insights that help make the value of HRM practice more tangible. In the end, HR will only be able to establish its added value with the support of carefully developed tools on the basis of solid research findings.

Below, we first discuss the current state of strategic HR thinking and the specific implications this has brought for HR practice. Second, we argue how societal and economic trends affect HRM practice, which helps setting up a challenging future research agenda for HR scholars. Third, we look at how HR can borrow proven business tools from other managerial domains as a source of information. Finally, we discuss ‘Talentship’ as a decision science for HR, allowing managers and HR professionals to make better business decisions.

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## **2 HRM Theory: Where Did Strategic HR Thinking Bring Us?**

In the last decades, HRM has changed dramatically. HR professionals moved from administrators where they negotiate the terms and conditions of work to personnel specialists who have expertise in HR practices like recruiting, compensation and training to business partners (Lievens 2006). In the 1990s, scholars like Spencer (1995), Lawler (1995) and Ulrich (1997) argued that the HR function has to focus on what HRM contributes to the business instead of on the activities it does. This line of reasoning fits with ‘strategic human resource management’-thinking, defined as the link of HRM with strategic goals and objectives in order to improve business performance (Truss and Gratton 1994). Although there is still a long way to go to fully establish the added value of HR, strategic HR thinking has already made some crucial contributions to HR practice, which we describe in more detail below.

### **2.1 HR Roles and Competencies That Add Value**

Spencer (1995) distinguishes three major areas in which HRM can deliver value for the organization. He argues that the relative importance of this added value differs between these three areas. According to Spencer, HRM’s main added value is situated in the strategic domain, secondly in HR-services and, finally, in administration, which offers the least added value. However, costs spend on these three domains are often reversed, implying that HRM has to refocus its activities by outsourcing costly but less value-creating activities, situated in administration and service-delivery. Ulrich provides a different model for the added value of HRM, distinguishing four key roles: management of strategic human resources, management of transformation and change, management of the employees, and

management of the administration of the organization (Ulrich et al. 1995; Ulrich 1997). In his book 'HR from the outside in' Ulrich and colleagues (2012) elaborated on this idea by identifying six competence domains that lead to effective HR professionalism by managing both people and business.

The competence domain 'Credible Activists' entails creating sustainable business outcomes with insight, sensitivity and impact. As 'Culture and Change Stewards' HR professionals coach managers in how their actions shape the company culture and integrate cultural standards into HR practices and processes. Furthermore, they are 'Talent Managers and Organization Designers', who have a vision for how the organization can perform now and in the future (i.e., 'Strategy Architect'). Finally, besides from being 'Operational Executors', HR professionals should contribute to the success of a business by knowing the context in which their business operates (i.e., 'Business Ally').

So, in order for HR professionals to be successful and increase their added value, they need a combination of various specialized areas of knowledge and specific skills and abilities.

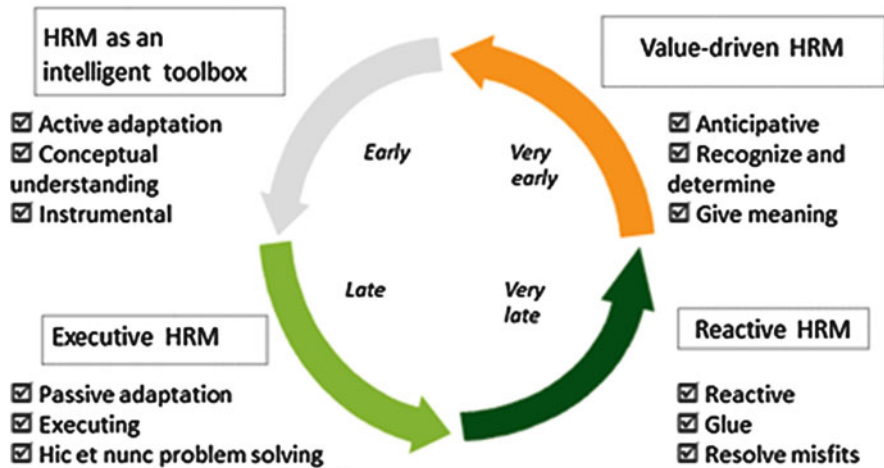
## 2.2 The Added Value of HR Practices

Asides from studying the roles and competencies of HR, HR scholars have investigated the added value of HR practices. This is in line with a shift from focusing internally on the HR function to what customers and investors need HR to deliver. A number of studies have examined the impact of high performance work systems on firm performance. For example, in their meta-analysis, Becker and Huselid (1998) observed that there is a relationship between HR practices and firm performance. According to their results, firms with the greatest intensity of HR practices have the highest market value per employee and improvement in HR practices can lead to significant increases in market value. A more recent meta-analysis by Jiang et al. (2012) confirms these findings. They conclude that HR practices are related to financial outcomes both directly and indirectly by influencing human capital and employee motivation, as well as voluntary turnover and operational outcomes.

Hence, by interacting with HR scholars, HR practitioners no longer need to persuade business leaders of the added value of HR practices, but are able to convince them based on solid research findings.

## 2.3 Adding Value Through Organization-Wide Involvement

The added value of HRM in a particular organization will depend not only on the roles it fulfils or its practices, but also on the way in which HRM is involved in the whole organization (Buyens et al. 1997; Buyens and De Vos 1999; Buyens and De Vos 2001). Taking into account decision sciences, the moment at which people intervene in a decision-making process, might determine the power one has to



**Fig. 1** Involvement of HRM in decision-making processes (Buyens and De Vos 2001)

influence the final decision (Cooke and Slack 1991). Along this line, the study of Buyens and De Vos (2001) demonstrated that the earlier HR professionals are involved in the decision-making processes within their organization, the greater their impact seemed to be on the decisions. That is, being early involved in strategy formulation enhances the chances of HR to have human resource concerns reflected in the strategy (Bennett et al. 1998). Therefore, the stage of involvement is an important indicator of the integration and appreciation of HRM within the organization.

Based on the above reasoning, Buyens and De Vos have developed a model in which the involvement of HRM is represented at different stages of the decision making process (Fig. 1; Buyens and De Vos 2001). The model covers decisions regarding highly diverse HR-issues, ranging from decisions about the HR-strategy to administrative decisions. The four stages of problem definition, development of a solution, implementation and control are the building blocks of our model for the involvement of HRM. Assuming that the decision-making process starts with the observation of a discrepancy between the actual situation and a desired situation, HRM is value-driven if the HR-professional is involved at the first stage of the decision-making process. HRM as an intelligent toolbox refers to the HR-professional who is actively involved in the decision-making process by creating instruments and supporting the line managers responsible for the implementation. If the involvement in a decision is restricted to the implementation of HR-activities without any active input from the HR-professional, it is called executive HRM. Reactive HRM implies that the HR-professional is involved only for controlling the implementation or when solutions don't work out as expected.

Although HRM can deliver value at each stage of the decision-making process, the way and the moment in which the HR-department is involved in decision-

making processes can be considered as an important criterion in the discussion about the added value of HR. More specifically, its perceived added value will be influenced by the integration of HR in diverse areas related with management of human resources, together with its involvement throughout the stages of decision-making processes.

## **2.4 Conclusion**

By presenting solid academic findings and creating new knowledge, HR scholars help HR professionals convince managers of their added value. Looking at HR's evolution over the years, it becomes clear that HR scholars have already contributed significantly to HRM practice. Above, we discussed the contribution of HR scholars by defining the key HR roles and competencies that add value, by investigating the way in which HR practices add significant value and, finally, by looking at how HR can gain involvement throughout the company. However, still a lot needs to be done for HR to prove its value on top of other domains, which will also require HR scholars to go the extra mile. For example, proper to academics, a lot of emphasis is placed on the creation of knowledge, rather than on the diffusion (Boudreau and Ramstad 2007). Also, HR scholars need to keep close ties with practice and know about their key stumbling blocks, in order to help practitioners make the right decisions about people. For sure, HR scholars will also benefit from doing relevant research, as it increases their impact and helps refine conceptual models (Hodgkinson and Rousseau 2009).

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## **3 Global HR Environment: Setting Up a Future Research Agenda**

Societal and economic trends, such as globalization, technological evolutions and an increasingly faster business pace, are encouraging managers and HR professionals to look for ways that will help them improve the performance of their organizations (Cascio 2008). HR professionals are being challenged to offer new solutions and, given the current changes, many opportunities exist for HR professionals to increase their impact (Lawler 2005). While some HR professionals take up these challenges, others hold on to tried and tested, bulky methods. In order to fully establish the impact of HR professionals in the future, we believe a further thorough professionalization is needed, with even more attention for translating academic findings into pragmatic, effective tools. Below, we discuss how evolutions in the competitive environment of organizations impact HR practice, which also help define a future research agenda for HR scholars.

### 3.1 Thinking Globally, Acting Locally

The boundaries between countries and continents are blurring. Organizations are operating more and more globally, which offers several benefits to companies (Lawler and O'Toole 2006). Besides the ability to work 24 h a day, companies are also able to sell their products and services on a global basis (Cascio 2008). This creates a new global world in which organizations must think globally but act locally. As such, HR professionals need to design processes and tools to support competitiveness within the global organization (Gratton 2011; Buyens and De Vos 2001).

Specifically, globalisation affects the way the HR department is organized and how HR practices are designed, integrated, and aligned to business requirements (Ulrich 1997; Boudreau and Ramstad 2002). For example, companies are increasingly setting up corporate HR service centres and centres of expertise, which require a standardization of HR processes. The distance between corporate HR and local HR departments has an impact on the involvement of HR in the organization's decision-making processes (Buyens et al. 1997). Often, corporate HR creates a global list of best practices, in a way restricting what can be done to deliver high-quality HRM, as local HR professionals are expected to choose from this list.

Consequently, globalisation has made organization-wide involvement in decision-making processes even more topical, but more difficult at the same time. And so, a future research topic for HR scholars could be to help define interactions between corporate HR and local HR departments in order to avoid the impact of HR in global organizations being curtailed.

### 3.2 Changing Business Pace

An important influencing factor for HR practice at the moment is the increasing pace in which companies operate (Welbourne 2011). As time cycles are becoming shorter and the pace of change accelerates, managers and HR professionals need an organization that can respond to both predictable and unpredictable changes (Buyens and De Vos 2001). An important task for HR is to manage this change. Organizations must constantly ensure that the learning rate of their employees matches the rate of change of the environment (Buyens and De Vos 2001), requiring of HR professionals to define an organizational model for change and to help implement this model throughout the whole organization. This way, HR professionals help shape the culture of the organization, enabling a new strategic direction within the company.

The risk for HR is in not going fast enough and then not being able to deliver in time for the business and its stakeholders (Welbourne 2011). HR tends to create big, heavy systems and processes, which slow the organization. So, to remain competitive, it will be key for HR to stop using over-engineered tools that limit the effectiveness of their HR practice (i.e., 'Good-enough' HR versus 'world-class'

HR; Dunn 2010). Research has shown that once a solution can solve 60 % of the client's needs, there is a law of diminishing returns (Hinssen 2010). By adding more elements, the product will be so complex that no one will use it. As a consequence, we believe HR should also use the principle "Good enough beats perfect" as a rule of thumb (Hinssen 2010, p. 49).

Hence, the increasingly faster pace of business is continuously shifting the focus of the HR function. More and more, HR professionals need to be 'Culture and Change Stewards' forcing them to deliver fast service. As a response to this, HR scholars will need to keep monitoring and refining the building blocks of the HR role by maintaining close ties with HR practice and by keeping an eye on environmental trends.

### 3.3 Technological Evolutions

Technology is dramatically affecting the workplace and the way people work. This implies that managers and HR professionals must explore the beneficial effects of technology to redefine work and the HR function in their organizations (Buyens and De Vos 2001). With regards to the HR role, the implementation of HR strategies, policies and practices in organizations through the use of web-based technology has been termed e-HRM (Ruel et al. 2006). Research has suggested that e-HRM can increase the efficiency of HR activities and improve HR service delivery by offering self-service tools to employees and managers (Lawler 2005; Parry 2011). Additionally, this allows HR to focus on outcome language and determine strategic HR policies by using analytical tools to track data and trends (Lawler 2005).

Although technology has already influenced HR practices significantly, HR professionals are still facing particular challenges. In one of our recent studies where we interviewed over 100 HR professionals, we frequently heard comments on the lack of creative use of new technologies (Buyens et al. 2012). For instance, practitioners are wondering how they can make optimal use of social media. Another difficulty seemed to be that the automation of processes can make HR activities more efficient, but less effective. For example, a lot of organizations are increasingly automating R&S activities which enhances efficiency, but practitioners have the feeling this decreases the quality of candidate experience.

Hence, although there are existing meta-analyses on the added value of HR practices (Becker and Huselid 1998; Jiang et al. 2012), there is not a lot of data on the impact and overall effectiveness of technological evolutions in HR. In order to steer these evolutions in the right strategic direction, HR professionals need new, sound theoretical insights in line with the new HR reality.

### 3.4 Conclusion

As business challenges become more complex with global, technological and competitive pressures, HR professionals are in constant need of new, clear



evidence-based insights. Above, we highlighted three specific evolutions in the environment of companies and how they impact HR practice. For HR professionals to respond to these evolutions in an adequate way, they require support from HR scholars. However, the effectiveness of partnerships between practitioners and scholars at the moment can be questioned (Briner et al. 2009; Pfeffer and Sutton 2006). It is often the case that HR professionals do not read scholarly journals, nor do they attend academic conferences. On the other hand, HR scholars often do not publish their findings in practitioner-oriented magazines or present them in a transparent way. This has led both parties to develop different assumptions, goals and interests over the years (Rynes et al. 2001). Nevertheless, we believe setting up a clear HR decision science will further develop an evidence-based HR practice and increase future collaboration, which will allow both parties to grow their impact.

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#### **4      Retooling HR: Making Better Business Decisions by Using Proven Business Tools**

The importance of being involved in decision making processes outside HR (Boudreau and Ramstad 2007; Buyens and De Vos 2001), has significant implications for the way HR defines success. HR professionals must not only create instruments or best practices and support line managers with the implementation, but actually help managers redefine the problem and build a decision framework that allows generating value. Through finance and marketing, concepts such as ROI and customer segmentation have become part of the vocabulary of managers, eventually shifting how managers think about resources like money and customers (Boudreau and Ramstad 2002). For HR to shift how managers think about human resources, HR can take advantage of the logical, straightforward frameworks from other domains and apply them to making HR decisions.

For instance, borrowing from accounting, a body of research has attempted to develop methods to identify and measure the economic value of people to organizations (Flamholtz 1999). This field has come to be known as Human Resource Accounting, which involves measuring the direct and indirect costs to recruit, select, hire, train and develop human assets. Findings from the HR Accounting-domain broaden the perspective of HR practitioners, as they might reveal certain gaps in their reasoning. This was also demonstrated in our study on the R&S process (Buyens et al. 2012). Based on our analysis of qualitative data, it became clear that HR professionals mainly take into account direct acquisition costs, with no clear view on the indirect acquisition costs, nor the learning or separation costs (see Table 1).

Next to this, HR has also borrowed insights from the field of marketing. A growing body of research in HR is related to employer branding, first mentioned by Ambler and Barrow (1996). More and more, marketing concepts like branding have been applied by HR professionals to attract, engage and retain candidates and employees, in the same way that marketing applies these tools to attract and retain customers.

**Table 1** Direct and indirect costs of the R&S process (Buyens et al. 2012)

	Direct costs	Indirect costs
Acquisition costs	“We expect 5.500 to 6.000 € for recruitment of new employees. We consider the announcement of the ad, search selection activities. This does not involve the salary cost of the recruiter.”	?
Training costs	?	?
Separation costs	?	?

Borrowing from other domains allows HR to share a common mental model with business leaders (Boudreau and Ziskin 2011). A mental model is an explanation of someone’s thought process about how something works in the real world (Klimoski and Mohammed 1994). Since managers are already familiar with logical frameworks and tools from disciplines outside HR, mental model theory suggests it may be useful to draw upon those tools and frameworks to improve the quality and usefulness of mental models regarding HR decisions (Boudreau and Ziskin 2011). Following this line of reasoning, we describe three specific examples more in-depth below, demonstrating how HR can take advantage of the logical, straight-forward frameworks from other domains.

#### 4.1 From Balanced Scorecard to HR Scorecard

The balanced scorecard is a strategy performance management tool that can be used by managers to keep track of performance at different levels (Kaplan and Norton 1992). Since its development, the balanced scorecard has evolved towards an effective framework that provides a roadmap for strategy execution. Building on the proven balanced scorecard model, Becker et al. (2001) describe the implementation of an HR scorecard. In their view, HR professionals should develop a measurement system, demonstrating the impact of HR on business performance. This will allow managers to understand exactly how people create value and how to measure the value-creation process. And it will also allow HR professionals to measure their contribution, so they could be at the table and not on the table (Buyens and Davidson 2010). Just like the balanced scorecard, the HR scorecard encompasses measures of customers, internal processes, learning, and growth asides from traditional financial measures, moving HR from focusing on doables to deliverables.

#### 4.2 From the Boston Consultancy Matrix to the Nine-Box Grid

The Boston Consultancy Matrix is developed as an analytical tool in brand marketing, strategic management and portfolio analysis and helps companies allocate

resources to their products or business units (Henderson 1970). The matrix is built up of two axes, namely the market share and growth rate of products or business units. These axes give shape to four quadrants that entail a different investment strategy: cash cows, dogs, stars and question marks. A similar framework is the McKinsey nine-box framework, also developed in the early 1970s. Rather than relying on the prediction of how products or business units will evolve, this tool allows companies to judge a product or business unit by the attractiveness of the industry and the competitive strength within that industry (Coyne 2008). Motivated by the success of this tool, McKinsey also applied this framework to making investments in employees. This latter framework is what we now refer to as a 'nine-box grid' in talent management and was originally developed for GE (Lawler 2008; Morrison 2010).

Originating from the Boston Consultancy Matrix, the 'nine-box grid' in talent management is a matrix tool that is used to categorize a company's talent pool, based on two factors, which most commonly are performance and potential (Lawler 2008). Performance can be estimated by looking at performance reviews, potential refers to an individual's ability to grow one or more levels in a managerial or professional capacity. Nine-box grids are actively used during the talent review process. During this process, a group of managers work together to place individuals on the axes to help identify who are the highest potential individuals, who needs development, and who needs coaching on performance improvement. These multiple perspectives provide a balanced view of an employee's skills and growth areas.

### 4.3 From Total Cost of Ownership to Total Cost of Employership

Total Cost of Ownership (TCO) is a financial estimate which helps managers determine direct and indirect costs of a product or system (Bruggeman and Slagmulder 2001). Similarly, this concept can be applied to HR, providing a cost basis for determining the value of an investment in HR activities. In a previous study, we put the costs of R&S practices against the 'Total Cost of Employership' (ToCoErs) index (Buyens et al. 2012). In analogy to the 'Total Cost of Ownership' analysis, we developed a simple index comprising five different elements: (1) the total budget of the HR sourcing department including payroll and operational costs (IBHR), (2) the total external budget of the HR sourcing department containing all annual 'out of pocket' costs related to recruitment and selection activities (EBHR), (3) the total number of recruits annually, expressed in number of people, (4) the average cost of an employee to an employer, and, finally, (5) the average tenure within the organization, expressed in number of service years. Combining these indicators results in the following ratio:

$$\text{Total Cost of Employership} = \frac{\text{EBHR} + \text{IBHR}}{\# \text{ hirings}} + [\bar{X} \text{ labor cost}) \times (\bar{Y} \text{ tenure})]$$

This ratio indicates the average total cost of a new hire. Assuming that, if it is the right candidate for the organization, he/she reaches an average number of service years and entails an average labor cost to the employer. Box 1 further illustrates the use of the ToCoErs.

#### Box 1

Illustration of the ToCoErs Index (Buyens et al. 2012)

The company 'Unosmall' is a medium-sized knowledge company employing 220 people. Five (5) employees (FTE's) work at the HR department, and two (2) of them are responsible for sourcing. Unosmall has about 35 vacancies each year. The annual internal HR sourcing budget is 150.000 €, they spend 60.000 € externally on 'HR sourcing at large'. The average tenure in the company is 12 years. The labor cost (cost to the employer) per employee averages 75.000 per year. This results in the following ratio:

$$\text{ToCoErs index} = \frac{150.000 + 60.000}{35} + (75.000 \times 12) = 906.000 \text{ Euro}$$

The latter figure represents the Total Cost of Employership for an employee with an average wage and 12 years of service. The total hiring cost, which amounts to 6.000 €, only represents 0.6 % of the ToCoErs. In other words, only a very small proportion of the ToCoErs is determined by the hiring costs. Even if we would double the investment costs in R&S-activities, it would still only amount to 1.2 % of the ToCoErs over a period of 12 years.

## 4.4 Conclusion

Next to academic findings and changes in the environment of organizations, the experience and judgements of HR practitioners is an important source of information for evidence-based HR. To increase the effectiveness of the judgements and decisions made, Boudreau and Ramstad (2007) suggest HR professionals to tailor existing managerial tools in order to make better HR decisions. That is, taking elements from the mental models of other disciplines and retooling them to apply to HR decisions may enhance HR mental models and their capacity to make use of evidence. Above, we illustrated three specific tools HR can borrow from other managerial domains. These, and other tools allow a common language, which can help shift how managers think about human resources. In the end, making informed decisions based on scientific findings, while keeping in mind contextual circumstances and with the support of face valid tools, will help build HR's evidence-based decision science.

## 5 Talentship: Towards an Evidence-Based HR Practice

Each time an HR practitioner makes a decision, solves a problem, or introduces a set of practices, the intervention is unique (Briner et al. 2009). In the absence of an evidence-based approach, practitioners typically apply intuitive mental models to new HR situations (e.g. Rousseau and Barends 2011). This is even the case when practitioners know about the evidence (Pfeffer and Sutton 2006). In recruiting, for example, it is more and more known that unstructured interviews are far less effective than more structured approaches, and yet many managers still prefer unstructured interviews (Buyens et al. 2012). At the same time, HR departments are criticized for following the latest fads, moving rapidly from one new programme to another (e.g., from competency management to talent management; Gibson and Tesone 2001). Rynes et al. (2007) stress that to truly bridge theory and practice in HRM, managers must acknowledge and implement scientific evidence with the support of pragmatic, evidence-based tools.

Starting from this premise, the future of HRM lies in improving its ability to make decisions based on evidence. In 2002, Boudreau and Ramstad coined the term ‘Talentship’ to refer to HR’s decision science, stating that “Talentship stands to HR like marketing to sales and like finance to accounting” (p. 10). A decision science provides a logical, reliable and consistent framework that enhances decisions about a key resource. For example, finance can be seen as the decision science for financial resources, which helps define strategic success by allocating financial resources to the areas of highest return on investment. A second example is marketing, the decision science for customer resources, defining strategic success as allocating product resources to the customers with the greatest impact on the organization’s competitive success (Boudreau and Ramstad 2007). Although HR has a lot of tools and practices, it still lacks an overarching decision science, defining how organizations can obtain strategic success through their human resources.

Boudreau and Ramstad (2002) use the metaphor of a bridge to describe the linking elements between decisions in human resources and sustainable strategic success. The three anchor points of their model are efficiency, effectiveness and impact. Efficiency looks at the level and quality of HR practices in relation to the resources spent. Effectiveness takes a broader perspective, focusing on the relationship between HR practices and the quality of human capital. Finally, impact takes an even broader perspective in examining the relationship between the changes in the quality of the human capital and the competitive success of the company. The linking elements in the model can be used to define HRM measures, which give a view on the added value of HR.

In others words, the added value of HRM in a particular organization will not merely depend on its efficiency or the roles it fulfils, but also on the way in which HRM is involved in the whole organization (Boudreau and Ramstad 2002; Buyens and De Vos 2001). HR’s perceived added value will be influenced by its integration in diverse areas related to management of human resources, together with its involvement throughout the stages of decision-making processes. After all, just

like in finance and marketing, the majority of decisions that impact human capital are made by managers outside HR functions. So, the greatest opportunity to improve HR decisions is by having an impact on decision making processes and improving those decisions that are made outside the HR function.

For HR to have an impact on the decisions made by managers outside the HR function, they need to educate managers about the quality of their talent decisions. Traditionally, HR has been defined in terms of persuading others to apply a certain initiative or HR programme (Boudreau and Ziskin 2011). However, often, there has been no clear view on the return on investment of these initiatives or programmes, while they take a significant amount of time, money and energy from managers and employees. Evidence-based HR, on the other hand, is defined more by education than persuasion (Boudreau and Ziskin 2011), allowing practitioners to make informed HR decisions.

In this chapter, we displayed how evidence-based HR is already happening in a number of ways, although it is a radical change from HR 'as usual' (Rousseau and Barends 2011). We demonstrated that evidence-based HR is a family of practices, combining research evidence with contextual information and individual judgement of HR professionals. Although HR research is already well developed at the moment, with bodies of evidence related to the main HR domains, there are still quite some gaps. This makes that HR practitioners are in need of new evidence-based findings. Current challenges in the environment of organizations increase this need even more. Moreover, HR practitioners require an overall framework, a general approach or way of thinking to support all HR decisions. The definition of HR's evidence-based decision science, Talentship, can be seen as an important first step in this regard. All stakeholders can play a part in further building Talentship. As such, we believe the present chapter provides a significant contribution to the insights of practitioners and scholars into the further development towards evidence-based HR.

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