ORGANISATIONAL VALUE SYSTEMS
AND HRM SYSTEMS:
A CONFIGURATIONAL STUDY

by

JOHN HOLT

School of Industrial Relations and Organizational Behaviour
University of New South Wales
Sydney 2052 Australia
Tel: + 61 02 385 3342/3331
Email: J.Holt@unsw.edu.au

and

BORIS KABANOFF

Australian Graduate School of Management
University of New South Wales
Sydney 2052 Australia
Tel: + 61 02 931 9267
Email: boris@agsm.unsw.edu.au

September 1995
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ABSTRACT

The relationship between organisations' value system and their human resource management (HRM) system is investigated surveying human resource managers in 443 Australian organisations. Organisations were grouped into four main value types - Elite, Leadership, Meritocratic and Collegial, according to a typological theory of organisational values (Kabanoff, 1991a,b, 1993). MANOVA and discriminant analysis identified significant differences in HRM configurations between the four value types confirming theoretical expectations. The implications for using a configurational approach to study variability in HRM systems is discussed.
INTRODUCTION

It is generally believed that in order to be effective human resource management (HRM) practices and policies need to be 'in fit' with organisational contingencies or context (Jackson & Schuler, 1995). Research has identified a number of organisational contingencies such as company size (Saari, Johnson, McLaughlin & Zimmerle, 1988), industry type (Gerhart & Milkovich, 1990), organisational structure (Cleveland, Murphy & Williams, 1989), and competitive strategy (Schuler & Jackson, 1989) but to date research has failed to consider a factor that many organisational behaviour researchers hold to be important for understanding differences between organisations - their value systems.

Another reason for studying organisational values is that they have a natural fit with a configurational approach to the study of HRM systems which is adopted here.

Configurational Approach

Configuration researchers argue that organisations should be viewed as "configurational systems" comprised of numerous interrelated dimensions such as size, structure, industry type, technology, strategy, culture, processes, practices and outcomes that fall into coherent and interdependent clusters or patterns of interaction (Meyer, Tsui & Hinings, 1993; Doty & Glick, 1994). Viewing organisations as configurational systems overcomes significant limitations associated with the traditional contingency approaches to research according to configuration researchers (Meyer, Tsui & Hinings, 1993; Doty, Glick & Huber, 1993; Ketchen, Thomas, & Snow, 1993). The major difficulty with applying a traditional contingency approach to HRM research is that in attempting to isolate the effects of each contingent variable (eg. company size, industry type, organisational structure) the prevalent econometric methodologies used tend to: (a) overlook the complex or multidimensional forms of interaction that might exist among variables, (b) ignore the possible presence of nonlinear relationships among variables, and (c) assume that organisational effectiveness is determined solely by the situational context (Doty, Glick & Huber, 1993; Meyer, Tsui, & Hinings, 1993).

In contrast, configurational research is premised on the assumption that the parts of a social entity take their meaning from the whole and can not be understood in isolation.
(Meyer, Tsui, & Hinings, 1993; Meyer, Goes & Brooks, 1993). Rather than trying to explain how order is designed into the parts of an organisation, configurational research tries to explain how order emerges from the interaction of those parts as a whole. Configuration research also accepts that while some variables may be causally related in one configuration they may be unrelated or even inversely related in another and that each configurational form can be equally effective (Meyer, Tsui, & Hinings, 1993). As Doty and Glick (1994) pointed out, configurational research treats organisations as systems that are distinctive and internally consistent, that is different organisations have different sets of characteristics that are linked by a particular "internal logic" or "deep structure" (Gersick, 1991). While this type of approach has received wide use in strategic management research (Shani & Rogberg, 1994; Miller & Dess, 1993; Baker & Cullen, 1993; Ostroff & Schmitt, 1993) little attempt has been made to apply it to HRM research.

*Configurational nature of values.* Throughout the psychological and sociological literature values are defined as "preferences for" or "the priority of" certain goals and actions over others (Kluckhohn, 1967; Rokeach, 1968; Schwartz, 1992). This view of values is premised on the cognitive-behaviour assumption that values "inform" both perceptions and actions by serving as a criterion or standard for guiding behaviour (England, 1975; Fishbien & Azjen, 1975) and by providing rationalisations for socially desirable behaviours (Rokeach, 1968; Kamens, 1977). The role attributed to values in guiding behaviour is observable not only at the individual level but also at the broader collective or cultural level (Schwartz, 1992; Stigler, Shweder, & Herdt, 1990). Sociocultural systems are differentiated by the distinctiveness of their value frames of reference (Stigler, Shweder, & Herdt, 1990). It is the distinctiveness of these value frames or systems that observed differences in actions and behaviours between different cultural communities are commonly attributed to (Hofstede, 1980; Triandis, 1964; Kluckhohn, 1967). Similarly, organisations are conceived of as sociocultural systems (Katz & Kahn, 1978) that are differentiated by distinctive value frames of reference that guide the preferences and choices of organisational participants towards certain goals and actions over others (Enz, 1986).
What gives values their multidimensional or configurational character, that is, what makes a person's, organisation's or society's values different and distinctive from others is not whether they possess a particular set of values, since a relatively small set of values are virtually universal, but rather how this limited set of values is arranged, ordered or structured (Schwartz, 1992; Rokeach, 1973). Schwartz (1992) distinguished two different ways of describing how values are organised - as value hierarchies (eg. Rokeach, 1973) and as value structures. *Value hierarchies* order values in terms of preference or importance while *value structures* can incorporate both compatible and conflicting values so that a value system's distinctive character is defined by the compatibilities and tension between different values. Schwartz (1992) observed that treating values in univariate fashion or even as hierarchies can mask the way values are interrelated to form different value structures or systems (Schwartz, 1992). Following Schwartz (1992), we use the term value structures or value systems to describe organisations' value configurations.

**Values and HRM Systems**

A number of researchers have argued that organisations' values are important for describing and explaining differences between organisations (Chatman & Jehn, 1994; Enz, 1986; Kerr & Slocum, 1987; O'Reilley, Chatman & Caldwell, 1991). The organisational culture literature (e.g. Cummings, 1984; Von Glinow, 1985; Kirkebride, 1987; Stonich, 1984; Shortell, 1990) provides numerous examples of this type of argument. To date, few empirical investigations have been conducted into the association between organisations' values and HRM systems; one exception is Kerr and Slocum (1987). In a qualitative study of 14 large, US organisations, Kerr and Slocum (1987) observed that even though all of the organisations reported that performance appraisal played an important role in remuneration decisions, the nature and objectives of performance appraisal practices varied according to the values that different organisations held as important. Organisations that emphasised long term commitment, seniority, peer interdependence, and collegiality, that is were clan-like in nature (Ouchi, 1980), also had hierarchy-based reward systems in which performance was defined qualitatively, bonuses were linked to team performance, and salary increases were determined by a formal salary plan. By contrast, organisations that
were less concerned with long term commitment, emphasised independence from peers, and sought to encourage individual initiative, that is were more market-like in character (Ouchi, 1980), had performance-based reward systems in which objective performance measures were explicitly linked to rewards, and salary increases and bonuses were directly linked to individual performance.

In this study we are concerned with the value orientation that members of the top management group, who are the primary policy makers within their organisations, attribute to their organisations and whether these relate in a systematic way to the organisation's management of its human resources. If organisational values are important in guiding organisations' HRM policies and practices and providing meaning to HRM goals and actions as Enz (1986), Kerr and Slocum (1987) and others (e.g. Trice & Beyer, 1993) suggest then it is reasonable to expect evidence for an association between the value system espoused by senior management and the way HRM systems are configured.

*Configurational nature of HRM systems.* Like value systems HRM systems can be considered as multidimensional and configurational in character. Although researchers presently have a fairly rudimentary sense of what are the major dimensions of HRM systems (Greenwood and Hinings, 1993), there are nonetheless some HRM elements that most researchers view as common to virtually all HRM systems, namely: recruitment and selection, performance appraisal, training and development, compensation and reward, and promotion and advancement (Schuler, 1984; Anthony, Perrewe, & Kacmar, 1993; Myers, 1992). In this study these elements are viewed as core dimensions of HRM systems, each of which includes a range of specific practices from which organisations choose when developing their particular policies for managing human resources. We define an organisation's HRM system as representing a set of management priorities preferences and practices about the best ways of managing the organisations' human resources. Once again the critical factor in distinguishing between HRM systems is not their inclusion or exclusion of these core dimensions but in the particular types of practices and objectives that organisations emphasise or de-emphasise with respect to each dimension (see Kerr & Slocum, 1987). Hence given the configurational properties of values and HRM systems
any research approach other than a configuration research approach will be in principle unable to deal with the interrelationships that might exist between multidimensional systems.

The Need for a Typology

Thus the research problem faced here is one of determining whether there is a meaningful interrelationship between the way values and core HRM dimensions are configured within organisations. Doty & Glick (1994) argue that the best way to study such relationships is through the use of a typological theory. A good typological theory is one that provides a parsimonious framework for describing complex organisational processes (Doty & Glick, 1994; Meyer, Tsui & Hinings, 1993). One such typological theory (Kabanoff, 1991a,b, 1993; Kabanoff, Waldersee & Cohen, 1995) which has been used as the basis for a model of organisational values is used in this study.

The theory of organisational type and its associated theory of organisational values referred to here has been described in detail elsewhere (Kabanoff, 1991a,b, 1993; Kabanoff, Waldersee & Cohen, 1995). The model is grounded in the concept of distributive justice and argues that the way organisations resolve allocational problems is related to the distributive justice character of an organisation. An organisation's core distributive character derives from the way in which it seeks to "manage" a distributive dilemma that is inherent in all organisational systems. This dilemma is concerned with the "choice" or "tradeoff" organisations make between two competing distributive orientations - the principles of equity and equality. Many organisational and social psychological researchers (Polley, 1987; Rousseau, 1990; Deutsch, 1985) have drawn attention to the inherent conflict associated with the competing logics of economic versus social, or task versus person concerns within organisations. The inherent tension between these objectives can be explained in terms of their opposing distributive biases or orientations. Where economic relations and outcomes are the dominant focus, equity dominates as the distributive principle in a system, whereas where social cohesion and collaboration are the dominant concern equality tends to be the distributive orientation of the system (Deutsch, 1985). The theory maintains that the tension between competing distributive principles
and the different ways in which organisations "manage" this tension shapes organisations' character including their value structures (Kabanoff, Waldersee & Cohen, 1995).

The framework argues that a system's distributive orientation is reflected in its power structure and operating processes. The model contends that the distributive character of the system is determined through the interaction of these two dimensions: the structural and the processual. The structural dimension refers to the role power plays in determining the distributive tendency or bias that dominates within the organisation. That is, in unequal structured organisations where there are large power differences the distributive tendency is toward inequality (or equity), and for more equal structured organisations with small power differences equality is the preferred orientation. On the other hand, the process dimension represents all operational policies, procedures, and processes at the organisation's disposal. Organisations can then also have their operational processes play one of two roles - processes can either reinforce or compensate for the distributive orientation inherent within their structure (see Figure 1). For example, organisations possessing an unequal power/equity orientation can apply their operational processes to either reinforce the structural tendency towards inequality by using policies that promote, for example large salary differentials between the organisational elite and others, or compensate for the structural bias by using, for example leader- and team-oriented processes to build cohesion back into the organisation. Figure 1 schematically represents the two-dimensional value-based typology of organisations that we have described. The two dimensions in the model represent organisations' power structure and their distributive procedures the interaction of which provides the conceptual framework for four "ideal" types of value structures: Elite, Meritocratic, Leadership and Collegial. The value structures specified in the model are represented by four theory-specific, value profiles based on nine value items (Authority, Performance, Reward, Norms, Commitment, Participation, Leadership, Teamwork, and Affiliation). This typological theory of organisational values satisfies many assumptions central to configurational theory (see Meyer, Tsui & Hinings, 1993). For example, the model assumes that organisations can be categorised into one of four value types and that there are four constrained, structure-
process outcomes that are associated with distinctive ways organisations do things. The model also defines reciprocal, non-linear relationships between distributive value orientations and distinctive organisational systems to which equifinality is clearly implied. For a detailed discussion of how organisations classified as having different value structures, on the basis of their value profiles, were found to differ in theoretically consistent ways, see Kabanoff, Waldersee and Cohen (1995).

**Relation of value structure to HRM configuration**

The model described above argues that the interaction between an organisation's structure-process dynamics results in four value types that not only have different value structures but are associated with distinctive ways of doing things, which we take to include different ways of managing human resources in organisations. For example, in organisations characterised by Elite value structures HRM processes are argued to reinforce the structural inequality within the organisational systems by promoting human resource practices that emphasise, on one hand, unequal power relations (inequality between members), and de-emphasise, on the other hand, egalitarian and cohesion concerns. In Meritocratic type organisations HRM processes are held to counteract the bias toward equality inherent in the structure by emphasising human resource practices that promote the principle of equity such as rewarding individual effort. In Leadership type organisations HRM processes serve to balance structural inequality by emphasising human resource practices that promote leadership, loyalty, and teamwork behaviour. As for collegial type organisations, HRM processes are argued to reinforce structural equality by emphasising human resource practices that promote cohesion, solidarity and participation. In this exploratory application of the theory to the problem of how HRM systems are arranged differently across organisations we developed two general hypotheses instead of developing a large number of specific predictions in relation to each organisational type - the preceding discussion of the four types clearly sets out the general nature of our expectations in relation to HRM systems within each type.
Summary of Hypotheses

The model of organisational types described above provides a clear rationale for arguing that when organisations are grouped according to their value structure (that is, as either Elite, Meritocratic, Leadership or Collegial), the way core HRM dimensions are emphasised will differ significantly across the groups. In other words, each type of value structure will be associated or aligned with a different HRM configuration. The first hypothesis therefore proposes that:

**Hypothesis 1:** Elite, Meritocratic, Leadership and Collegial organisations differ significantly in the way their HRM systems are configured.

The model further argues that the four value types are differently related to one another. For example, the Meritocratic and Collegial types share a common, underlying tendency to equality while the Elite and Leadership types share a common, underlying tendency toward inequality. We expect therefore that organisational types that share the same underlying tendency will exhibit more commonality in HRM configuration than organisations that do not share the same underlying tendency. Thus the second hypothesis proposes that:

**Hypothesis 2:** Collegial and Meritocratic types are more similar in their HRM configurations than when either is compared with Elite or Leadership organisations, and vice versa for Elite and Leadership organisations.

METHOD

Sample and Procedure

The data for this study were collected by survey questionnaire mailed to members of the Australian Human Resource Institute, the professional association of human resource managers in Australia. Twelve hundred Institute members (of the state of New South Wales) who were described in membership records as filling Human Resource Manager or Personnel Manager positions were invited to complete the survey. Surveys were not sent to Institute members who described themselves as having either non-management, academic, or consultant occupations. A cover letter stating the general purpose of the survey and noting the Institute's support for the study were included with the questionnaire.
A total of 440 useable questionnaires were returned (a response rate of 37%), of whom 50.9% were male and 48.9% were female. Of these, 58.8% had worked in their organisation for less than 6 years, while 17% had been with the organisation for more than 15 years. The educational level of respondents ranged from high school only (7.1%), trade or technical Diploma or Certificate (20.5%), Professional Diploma or Certificate (17.1%), Bachelors Degree (39.0%), Masters Degree (14.6%), and PhD (0.9%). Respondents’ organisations represented a broad cross-section of industry sectors: Primary Industries (1.4%), Mining (2.3%), Manufacturing / Engineering (18.2%), Chemical (2.0%), Construction (0.5%), Retail Trade (4.8%), Transport (2.5%), Communication (4.3%), Banking (8.9%), Insurance (4.3%), Community Services (2.0%), Government Department (12.3%), Food (4.8%), Petroleum (1.4%), University (2.5%), Diversified Industrial (0.9%), and Other (27.0%). The number of employees for which respondents were responsible in their organisation ranged from: 999 or fewer (66.8%), 1000 to 1999 (13.9%), 2000 to 2999 (6.1%), more than 3000 (13.2%).

Measures

Value orientation. A Survey of Organisational Values (SOV) was used to assess organisations' value orientation with respect to five areas: the "Role of managers", "Providing direction and co-ordination", "What binds people to the organisation", "The nature of relationships", and "Organisational rewards". Each of these concerns were described in four different ways with each description corresponding to one of the four types (i.e. Elite, Meritocratic, Leadership, Collegial). See Appendix 1 for a list of these descriptive statements. Respondents were instructed: "These questions relate to the type of organisation that your organisation is most like. Below are five management concerns each of which contain four "ideal" descriptions of the way organisations relate to these questions. Taking each concern separately, please distribute 100 points among the four descriptions according to how similar they are in describing the way your organisation relates to the concern. Note that none of the descriptions is any better than the others, they are just different. For each question, please use all 100 points." The SOV was modelled on Quinn's competing values survey (Quinn, 1988) with the decision to adopt this
approach being made because such a scoring method provided respondents with the greatest control over how they weighted the value statements. While ipsative-type instruments have been criticised when scores generated by them have been used as independent variables in analyses (Cornwell & Dunlap, 1994), it is important to note that scores from the SOV were used here solely for purposes of organisational classification. This categorisation approach has been successfully applied in a number of research settings designed to differentiate between organisational subgroups (Zammuto & Krakower, 1991; Quinn & Rohrbaugh, 1981).

Four value scores were derived for each organisation by summing the ratings for the five value items that described each organisational type - where the A, B, C, D items represented Collegial, Meritocratic, Leadership and Elite types respectively. The internal reliability estimates (Cronbach's Alpha) for the four scales were calculated (see Zammuto & Krakower (1991) for the procedure used) as .86 for the Elite, .71 for the Meritocratic, .67 for the Leadership and .74 for the Collegial. These internal reliability levels were comparable to those reported by Zammuto and Krakower (1991) for the Competing Values questionnaire. The four value-structure scores were then used to categorise organisations into one of the four types according to the following criteria: (a) where an organisation had a score of 40 or above for one of the types and/or (b) where the score in (a) was 8 or more points above any other score, then the organisation was assigned to the type where it had the highest score. For example, where an organisation received the following point distribution: Elite = 45, Meritocratic = 20, Leadership = 30, and Collegial = 05 it was classified as Elite. This classification rule was derived on an empirical basis following an examination of the distribution of scores; a score of 40 or above placed an organisation, on average, in the top 12.5% of the sample on a values dimension. A total of 245 organisations (56% of the sample) were classified as resembling a particular value type: 100 were classified as Elite, 81 as Meritocratic, 21 as Leadership and 43 as Collegial. While the main goal of this study was to compare the configurations of HRM systems within the four main, theoretical types, Doty and Glick (1994) suggested that hybrid types may also be important in explaining variations in organisational configurations. In
applying the classification system above, 195 organisations were not classified. To ensure that no significant configurational patterning was overlooked, the remaining sample pool was re-categorised according to the value structure having the highest score. For example, an organisation with the following scores - Elite 25; Meritocratic 25; Leadership 20; Collegial 30 was classified as a hybrid-Collegial type. This classification scheme resulted in the identification of four additional groups which were given the following names: hybrid-Elite (N = 27), hybrid-Meritocratic (N = 69), hybrid-Leadership (N = 36), and hybrid-Collegial (N = 33). Of the 30 organisations that failed to be classified by either of these schemes, 21 had equally high scores on at least two value dimensions and 9 organisations had missing values. Consequently, these 30 organisations were excluded from the data set.

It is important to stress that organisations classified as being different types were not considered to be actual examples of the four types (cf. Doty & Glick, 1994: 233), rather they were considered “real-world approximations” to the ideal types. On theory grounds, ideal types represent forms that might exist rather than actually existing, thus empirical examples may be rare or non-existent (cf. Doty & Glick, 1994: 233). Therefore when organisations are described for example as Meritocratic, what is meant is that they are Meritocratic-like.

**Human Resource System.** For the purpose of this study, HRM systems are conceived as having three main elements: practices that address particular HRM requirements or tasks (e.g. selection); the main objectives or purposes towards which practices are directed, and the importance attached to these practices and objectives. A Human Resource Practice Survey (HRPS) was designed to assess HRM activities in three areas that are generally regarded throughout the HRM literature as central to all human resource processes: performance appraisal, variable compensation, and training and development (see Jackson, et al, 1989). A separate section of the questionnaire was used for each of these three practice areas in which HR managers were asked to respond to four sets of questions which assessed the three elements described above. The first set assessed actual practices by instructing respondents to indicate with a tick which types of practices, (eg. which type
of performance appraisal practices) were used in their organisation. The next question instructed respondents to indicate the *level of importance* the organisation placed on each of the practices by using a 5 point Likert scale (5 = Very Important, 4 = Fairly Important, 3 = Somewhat Important, 2 = Slightly Important, 1 = Not at all Important). The third set of questions asked respondents to indicate with a tick the *objectives* their organisation sought to achieve through the use of its practices. For the final set respondents indicated the *level of importance* the organisation placed on these objectives using the same 5 point Likert format. Appendices 2A, 2B, and 2C show the means, standard deviations, and intercorrelations of the 130 items making up the HRPS.

**RESULTS**

A MANOVA that treated all 130 HRPS items as dependent variables was first performed to assess whether there was a significant overall difference between the four main groups of organisations. This produced a highly significant multivariate F (*p* < .001) indicating that further analyses could be validly carried out. Univariate F Tests indicated that there were significant differences (*p* < .05) between the four organisational types on 71 items. Interpreting these differences however would be neither parsimonious nor valid because of intercorrelations among items (see Appendices 2A, 2B, 2C). So, to allow a more parsimonious interpretation of differences, factor analysis was used to identify the major factors within the HRPS.

**Factor Analysis**

Separate factor analyses (Tabachnick & Fidell, 1989) were conducted for each of the four sets of questions (ie. practices (*P*), practices' importance (*PI*), objectives (*O*), and objectives' importance (*OI*)) using a principal components extraction method followed by varimax rotation. Scree plots were examined to help determine the interpretable factors for each analysis. The first analysis involved the 36 practice items and resulted in 11 factors accounting for 63.4% of the variance being extracted. The second factoring analysed 36 *PI* ratings and yielded 9 factors explaining 66.5% of the total variance. The third analysis
examined 29 O items extracting 7 factors that explained 65.5% of the variance. The final analysis analysed 29 OI ratings from which 6 factors accounting for 62.6% of the variance were extracted. Thus a total of 33 factor dimensions were generated from the four analyses: 11 P dimensions; 9 PI dimensions; 7 O dimensions; and 6 OI dimensions. Table 1 displays the rotated factor structures for each analysis. Factor scores for all 33 dimensions were calculated using the regression method and saved for further analysis.

Manova

To determine whether Elite, Meritocratic, Leadership and Collegial type organisations significantly differed overall on these 33 HRM dimensions, a MANOVA was conducted on the theory-based groups. The analysis was repeated for the four hybrid organisational groups. The results of both analyses appear in Table 2 which shows that the theory-derived groups differed significantly on the HRM dimensions (p<.001) and that the four value groups accounted for a moderate proportion of the variance in the 33 dimensions (Wilks' Lambda = .38). On the other hand there was no significant difference on the HRM dimensions between the four hybrid groups (p=.231). Univariate F tests for the "pure" and hybrid groups (see Table 2) demonstrated that the four theoretical types differed significantly on 18 of the 33 HRM factors but only three factors were found to differ significantly between the hybrid groups. These results suggested that organisations that were classified as having clearly different value systems differed more in their HRM systems than did organisations classified as having hybrid values. This indicates that the theory-based categorisation procedure was successful in separating the sample in a way that optimised the differences between organisations' HRM systems. This was consistent with the findings of Ketchen, Thomas and Snow (1993) who showed that, compared to a non-theoretical, inductive approach, a deductive or theoretical approach was superior in distinguishing differentially performing configurations. The failure of the hybrid groups to differ significantly meant that we could exclude them from further analysis.
Discriminant Analysis

Discriminant analysis was then used to identify which HRM dimensions best discriminated between the four theory-based groups. Using the 33 HRM factor scores as discriminating variables and the four groups of organisations as the a-priori group classification, a stepwise discriminant procedure was used to identify those dimensions that contributed significantly to discriminating between the organisational types, with that contribution determined by a partial F of 1. The analysis produced 3 discriminant functions comprising 7 HRM dimensions that optimally discriminated between the groups. The results of the discriminant analysis appear in Table 3. In addition to displaying the standardised canonical discriminant function coefficients and supporting statistics, Table 3 shows the canonical discriminant functions evaluated at the group centroids (means) and the classification results.

Table 3 shows that the first two discriminant functions were highly significant ($p<.001$ and $p<.005$ respectively) while the third was marginally so ($p<.06$). Of these discriminant functions, the first was defined by two objectives (O) dimensions - Determining Compensation (.44), and Achieving Strategic Priorities (.40), and two objectives importance (OI) dimensions - Developing the Individual (.68), and Socialising the Individual (.58); the second function was defined by one practice (P) dimension - Informal Appraisal (.65), and one practice importance (PI) dimension - Financial Incentives (-.56), with a single P dimension - Training Outcomes (.82) - defining the third function. The group centroids reveal that the first function discriminated Elite types from Meritocratic and Collegial types, with the second function discriminating Collegial from Meritocratic types, and the third discriminating Leadership types from the other types. The discriminant function weights associated with the dimensions comprising each function indicate the capacity of each dimension to discriminate between the groups (Klecka, 1980; Tabachnick & Fidell, 1989). Reading the function weights in conjunction with the group centroids we find that: (a) on the four dimensions that define the first function, Elite
organisations have opposing configurations to Meritocratic and Collegial types; (b) on the two dimensions defining the second function, Collegial and Meritocratic types have opposing configurations; and (c) on the single dimension defining the third function, Leadership organisations are configured differently to the rest. The classification results shown in Table 3 reveal that the overall percentage of organisations correctly classified by the discriminant procedure was 58.05%. This level, while not particularly impressive compares favourably with the 25 percent that would be achieved by chance (Klecka, 1980), and with classification levels achieved in another recent configurational study (Ostroff & Schmitt, 1993). These discriminant results provide strong support for the first hypothesis.

Table 4 compares the standardised means for each of the 7 discriminating dimensions across the value types showing F statistics and Bonferroni results. These standardised mean scores represent the configurational profile of each organisational type (on the 7 dimensions) and they are graphically depicted in Figure 2. Figure 2 shows that when compared to other types Elite organisations are characterised by significantly lower means on most dimensions except for Informal Appraisal. By contrast, Meritocratic organisations have high means on all dimensions except for Informal Appraisal (significantly lower than others) and Training Outcomes (lower than Leadership type but not significantly so). Collegial organisations have a HRM configuration that has a lot in common with Meritocratic organisations. For example, Developing Individuals, Socialising Individuals, and the HRM system being important for Achieving Strategic Priorities are emphasised by both Meritocratic and Collegial organisations, with Informal Appraisal (Collegial - high; Meritocratic - low), and Financial Incentives (Collegial - low; Meritocratic - high) emphasised differently. Although represented by a small N, the Leadership group was found to have high scores on Developing Individuals and Training Outcomes while displaying low scores on the remaining dimensions, in common with the Elite type. The pattern of mean scores shown in Table 4 (and Figure 2) generally support the second hypothesis.
Table 5 further elaborates on the relationship between organisational type and HRM configuration. Of the 33 HRM dimensions to emerge from the factor analysis, only those dimensions (18) that were found to differ across the four value types are presented in Table 5. The remaining 15 dimensions, those not represented in Table 5, represent the dimensions commonly shared by all value types. Of these 15 dimensions the ten most highly rated, in order of importance, are: Concern about Training Outcomes, Performance Output Measures, Reward Sharing, Job Training, Recruitment, Family Care Benefits, Management Skills Training, Encouraging Cooperative Behaviour, Company Vehicle, and Financial Incentives. Table 5 arranges the standardised means for the 18 remaining dimensions within each organisational type in order of emphasis (from most to least). At the same time, the 7 practice dimensions which discriminate between organisational types are highlighted in Table 5 (in bold italics).

Examination of Table 5 reveals that by arranging practices in order of mean emphasis within each value type we are able to compare the configurational differences across value types at two levels. At one level, Table 5 compares the overall configurational structure of all practices by value type. Table 5 also reveals how the dimensions that discriminate between the value types are related to their broader configurational context.

The mean scores associated with each HRM dimension, as shown in Table 5, reveal that the dimensions receiving the highest and lowest emphasis are arguably quite consistent with the core value orientation of each type. In Elite organisations the relative emphasis given to HRM practices such as Informal Appraisal Practices (0.21) and Financial Incentives (-0.19) promotes or reinforces the unequal-power / economic-equity relations that characterise Elite types. By contrast, the practices that contradict hierarchical-equity concerns such as PA to Determine Compensation (-0.28), TD to Achieve Strategic Priorities (-0.32), TD to Socialise the Individual (-0.43) and PA to Develop the Individual (-0.53), are de-emphasised, as expected. As for Collegial organisations, we observe that the practices receiving the highest emphasis reinforce the
equal-power / social-caring relations that distinguishes the Collegial type from others: these include TD to Socialise the Individual (0.44), Management Skills Training (0.40), Family care Benefits (0.35), Informal Appraisal Practices (0.32), PA to Develop the Individual (0.24), and TD to Achieve Strategic Priorities (0.16). Practices conflicting with concerns of equality, solidarity and cohesion, such as PA to Determine Compensation (-0.05), Financial Incentives (-0.17) and Rewarding Individual Effort (-0.26) are as expected de-emphasised.

Table 5 reveals that Meritocratic organisations combine equality concerns with equity concerns. For example, highly emphasised practices such as PA to Determine Compensation (0.33), Financial Incentives (0.29), Rewarding Individual Effort (0.26), Formal Appraisal Procedures (0.18) strongly promote equity-economic concerns as does the de-emphasis of Informal Appraisal Procedures (-0.30); these are combined with moderately strong scores on PA to Develop the Individual (0.26), and using TD to Socialise the Individual (0.14) and Achieve Strategic Priorities (0.25). While the results for Leadership organisations are generally weaker, the practice dimensions attracting the most emphasis are: Concern for Training Outcomes (0.53), Financial Incentives (0.32), Informal Appraisal Procedures (0.28), Rewarding Individual Effort (0.20), PA to Develop the Individual (0.17) and TD to Socialise the Individual (0.02), while de-emphasised practices include: PA to Determine Compensation (-0.11), Family Care Benefits (-0.06), and TD to Achieve Strategic Priorities (-0.21). The pattern while similar in many respects to the Elite type shows some evidence of a concern with issues of individual development and socialisation.

Overall, these results demonstrate theoretically meaningful differences between organisational types in how their HRM systems are configured, thereby supporting our first hypothesis. Figure 2 together with Table 5 also illustrates that while each type is associated with distinctive HRM configurations, some types placed similar emphasis on some dimensions. For example, Collegial and Meritocratic types that in theory share a similar, core distributive character, are found to have more commonality in their configurations than when either is compared to Elite and Leadership types that represent
an opposing distributive tendency. Likewise, Elite and Leadership types are found to have more in common than when either is compared to Meritocratic or Collegial types. The evidence of greater similarity between types that share core distributive tendencies supports the second hypothesis.

DISCUSSION

The results of this study support the general thesis that there is a systematic and meaningful association between organisations' value orientation and their HRM systems. Applying a configurational approach to explore the patterns of interorganisational differences in HRM systems has enabled us to empirically demonstrate that organisations that share similar value systems also have some similarity in their HRM systems. The results also demonstrate that the variability in HRM systems across the organisational types included not only the expected differences between groups (hypothesis 1), but also expected similarities (hypothesis 2), which are explainable in terms of the typological theory used in this study. Apart from generally supporting our hypotheses, structural variability in HRM configuration across organisations draws attention to such issues as: the role of value structures in influencing the way HRM systems are configured, the advantage of applying a configurational-typological approach to the study of HRM systems, and has implications for the "fit" between human resource strategy and organisational contingencies.

The results reveal that organisations that share the same value orientation also share the same HRM priorities, that is, they have a preference for using or applying the same HR practice strategies. While Kerr and Slocum (1987) suggested some time ago the existence of a link between organisations' value orientation and their HRM priorities this study provides empirical evidence of such a link across a large and diverse sample of organisations. Indeed this study shows that the value-practice association is not limited to the value-reward context as Kerr and Slocum (1987) observed but that it extends across the wider range of HR dimensions examined in this study. The study also demonstrates that not only are the generic practices configured differently across different organisational
types but that generic forms of HRM practices are oriented towards different purposes or objectives, which also agrees with Kerr and Slocum's (1987) observation.

Apart from the expected differences in HRM configuration, the results also revealed that there was greater commonality in HRM systems between value types that were closer to each other in the theory than between types that were further apart in the theory. The similarities and dissimilarities that were found were encouraging from the perspective of the typology. For example, the Elite type was different from the Collegial on most dimensions but similar on the dimensions of Informal Appraisal (both are above average) and Financial Incentives (both are below average). The Collegial and Meritocratic type were both above average on Developing Individuals, Socialising Individuals and giving the HRM system an important role in Achieving Strategic Priorities but they diverge on the dimensions of Informal Appraisal and Financial Incentives. One key theoretical and practically significant difference between Collegial/Meritocratic and Elite/Leadership types is the greater importance attached to the HRM system for Achieving Strategic Priorities in the former two which is precisely what would be expected on the basis of the theory. Overall, these results were encouraging in relations to the typological theory (Kabanoff, 1991a,b, 1993) as a framework useful for explaining and predicting variation in HRM systems. Using this typological theory (Kabanoff, 1991a,b, 1993) in conjunction with a configurational approach, the study identified HRM systems that were unique, distinctive in character, and theoretically consistent with value structure. Furthermore, groups of organisations based on the theoretical framework were shown to be better at discriminating between organisations' with different HRM systems than theoretically less meaningful, hybrid groups.

Furthermore, this study demonstrated that a configurational approach to studying human resource management systems has much to offer for overcoming the difficulties of dealing with the multidimensional nature of HRM systems (e.g. Collins, 1987). While the study suggests that organisations align human resource strategies with their values, further research is needed to investigate how organisational values, HRM systems, organisational effectiveness and strategic orientation are functionally configured. Configuration theorists
Typically associate the issue of alignment or fit with the issue of organizational effectiveness (Shani & Rogberg, 1994; Miller & Dess, 1993; Baker & Cullen, 1993; Doty & Glick, 1994). For example, Doty and Glick (1994) argue that organizations that best fit an ideal profile should be more effective than organizations that fit the ideal profile less well. Applying this argument to HRM systems, the question arises whether organizations that have a close alignment between their values and HRM systems are generally more effective, or whether they are contingently more effective, that is they are more effective at activities that are consistent with their value-HRM system profile. Addressing these and related research questions will help us understand the principles underlying the design of better HRM systems and organizations.

Limitations

A survey study of this kind of course has its limitations. One of these has to do with the way each respondent is taken as the sole exemplar of a particular organisation. While this raises questions of "mono-operation" bias (Cook & Campbell, 1979) it must be pointed out that the research design was specific in targeting respondents (with a strong sample size) who were professional human resource managers and as such can be considered as expert witnesses in relation to HRM issues within their organisations. The issue of percept-percept inflation (Crampton & Wagner, 1994) in self-report studies has been a sensitive one among researchers since at least Campbell’s (1982) resounding condemnation of the method. However based on a meta-analysis of correlations from 581 studies Crampton and Wagner concluded that while percept-percept inflation did occur it may not have had the broad, comprehensive effects envisioned by critics. Specifically, Crampton and Wagner concluded that some research areas were relatively less subject to effect-size inflation, one of these being research into organisational culture, which is likely to have included studies of organisational values. Another possible criticism is that the relationships we found between organisational values and HRM systems could reflect common content between SOV items and some of the items referring to HRM objectives and the importance of different practices. However while this source of covariation cannot be entirely ruled out it seems unable to account for the bulk of the significant differences.
found between different organisational types. An examination of the SOV items indicates that, with the exception of several items specifically related to compensation, the values survey does not deal specifically with development or socialisation issues, the integration of the HRM system with strategic priorities, the nature and use of incentives, or training and development issues which are all significant discriminators between organisational types. Nevertheless it is obvious that the issue of "mono-operation" bias is an important one and that future studies must seek to employ triangulation strategies to deal with the issue. This can involve using multiple respondents from the same organisation to answer different questions, and/or increasing or varying the ways in which key constructs are measured (Cook & Campbell, 1979) such as measuring organisational values using content analysis of organisational documents (Kabanoff, Waldersee & Cohen, 1995) while describing HRM systems using a survey.

**Practical Implications**

This study has several implications for HRM practitioners concerned about identifying practices that are most effective in managing human resources. While demonstrating empirically what we have suspected on the basis of more qualitative evidence (Kerr and Slocum, 1987), that certain HRM practices seem to match some types of organisations better than others, this study elevates the importance of organisational values as one factor, among others (such as industry, size, structure and strategy) that influence which practices best suit a particular organisational context. Organisational values may be an important organising principle in designing human resource policies and practices. The "value of values" in the design of HRM systems is also suggested by Jackson and Schuler (1995) who observed: "... those responsible for the design of globally effective HRM must shift their focus away from the almost overwhelming variety of specific practices and policies found around the world and look instead at the more abstract, fundamental dimensions of contexts, HRM systems..." (Jackson & Schuler, 1995: 257). From their perspective the fact that organisational values are more abstract and fundamental in nature enhances their utility for understanding and designing HRM systems in a global context. The typology may serve as a useful, general model of the different types of value systems found in
organisations and how different value systems are reflected in different types of HRM systems. A second implication of the results emphasise the need for practitioners to take into account the function or purpose a given practice is expected to serve in any organisational context. The results show that the same generic practice may be used by different organisations to achieve very different purposes. Understanding which HRM practices, in which value contexts, best serve which purposes would no doubt help practitioners better attain their goals.

References


