Using Evidence-Based Human Resource Practices for Global Competitiveness

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Abstract
The purpose of this paper is to show that the use of evidence-based information from academic research regarding HRM practices can have a positive impact on an organization's degree of competitiveness. This article explains how the use of academic information sources results in greater organizational performance. Some supporting empirical research findings are briefly reviewed. We then propose how the use of evidence-based information in HRM practices can improve global operations. Different sources of academic research information are identified and described. Some specific recommendations for accessing and using academic research information are offered. Finally, a brief summary and some general conclusions are provided.

Keywords: evidence-based, human resource practices

1. Introduction
Today's increasingly dynamic business environment is forcing organizations to search for new ways to gain an advantage or an edge over their competitors. From many organizations, the best way to gain a competitive advantage might be to focus on the human resource management (HRM) system. In the past, some organizations have viewed technological advances or innovations as the primary means of gaining an edge over their competitors. But in today's new service and information economy, the quality of an organization's employees or human resources has become more critical to organizational success. Another reason why it may be wise to focus on the area of HRM to enhance organizational competitiveness is that very few organizations currently make use of the best HRM practices - practices that are evidence-based or empirically supported by the academic research literature. This phenomenon is not limited to organizations operating in the U.S., and can impact the effectiveness of HR practices around the globe.

The large gap between research and practice in the area of HRM is well-documented (Rynes, Brown, & Colbert, 2002; Rynes, Colbert & Brown, 2002; Rynes, Giluk & Brown, 2007; Terpstra & Rozell, 1993). The gap seems to be especially pronounced in the area of staffing. Terpstra and Rozell (1993) surveyed 1,000 U.S. companies listed in Dun's Business Rankings with 200 or more employees, and found that very few of the firms that responded used staffing practices which the academic research had proven to be better than other practices. For example, few firms evaluated the effectiveness of their different recruiting sources to determine which sources yielded the best performers. Few firms conducted validation studies on their selection devices to determine which ones were the most predictive of success on the job. Few firms used structured interviews, choosing, instead, to use less predictive unstructured interviews. And very few firms employed cognitive ability tests and biographical information inventories, which are among the most valid predictors of performance available. Importantly, the study by Terpstra and Rozell (1993) also found that those few firms that did use those staffing practices recommended by the academic research literature had significantly higher levels of annual profit, profit growth, and overall performance.

Rynes, Colbert, and Brown (2002) found in their survey that HR professionals in the U.S. held beliefs about certain HR practices that were different from academic research findings. The authors summarized the
Similar patterns of disparities were found in other countries such as the Netherlands (Sanders, van Riemsdijk, & Groen, 2008) and the United Kingdom (Guest, 2007). Sanders, van Riemsdijk, and Groen (2008) replicated the study by Rynes, Colbert, and Brown (2002) with 626 Dutch HR professionals. They found that many HR professionals in the study also had beliefs that were in contrast to research findings on effective HR practices. The data from this study showed that the main sources of information Dutch HR professionals turned to are websites and other HR professionals. The respondents also read Dutch professional journals more often than the academic journals. Unlike the original study (Rynes, Colbert & Brown, 2002) where the American HR professionals’ level of knowledge was related to their job level, SPHR certification, and reading of academic literature, the Dutch study found that their level of knowledge was related to education level, attitudes towards academic research, and HR readings. Guest (2007) argued that the situation in the U.K. was comparable to the U.S. in that UK practitioners did not generally make use of best practice information from the academic research. It was noted, however, that in the U.K., evidence-based practices have gained acceptance from the British government in the field of medicine. Additionally, the British government used an evidence-based, metric-driven approach in a recent attempt to revitalize the Royal Mail (Bourne & Haddon, 2010).

In the sections that follow, we first describe how the use of academic research, or evidence-based information, regarding HRM practices can have a positive impact on an organization's degree of competitiveness. Next, we review some of the empirical research that shows that the use of academic research information in HRM leads to greater organizational profitability. We then explore reasons why HR practitioners may not rely on evidence-based information in their practices, and note how changing this is essential to the success of global business operations. After that, we identify and briefly discuss some of the different sources of academic research information, and provide some specific recommendations for accessing and using evidence-based information to adopt and implement the best possible HRM practices. We end with a brief summary and some general conclusions.

2. How Evidence-Based HRM information Impacts Organizational Performance

Terpstra, Mohamed, and Rozell (1996) developed a model that explains how the use of academic research information can positively influence an organization's bottom-line outcomes. This model relates HRM information sources, HRM knowledge, HRM practice choices, and HRM practice implementation to organizational outcomes. Simply put, this model proposes that the types of information sources used by HRM managers determine the quality of knowledge and information regarding HRM concepts and practices. The quality of HRM knowledge and information, in turn, is proposed to influence decision-makers' choices about which HRM practices are adopted and implemented by organizations. Finally, the types of HRM practices that are adopted and implemented by organizations are then seen as influencing individual and organizational performance.

The quality of HRM information is the core of the above model. HRM information is viewed as the fuel that powers an organization's engines of competitiveness. And it is the HRM practitioner's job to locate and obtain the highest octane fuel available. A number of possible sources of HRM information exist. For example, sources of HRM information might include academic research journals, practitioner-oriented journals, popular books, consultants, professional organizations (such as the Society of Human Resource Management), and interactions with peers (other HRM practitioners). It should also be noted that many of these sources differ dramatically in terms of their recommendations about which HRM practices should be adopted and implemented by organizations. For example, the recommendations regarding HRM practices found in academic research journals are frequently at odds with the recommendations found in practitioner-oriented journals or popular books.

3. Empirical Research Supporting the Use of Evidence-Based HRM Information

Which sources provide the best fuel or the best information about HRM practices? A study conducted by Terpstra and Rozell (1997) suggested that academic research information sources provide the best information. In this study, the HRM directors of more than 200 large U.S. organizations responded to a survey regarding the use and effectiveness of 17 different sources of information about HRM practices. The 17 sources were as follows: 1) academic research journals, 2) academic research conferences, 3) academic texts, 4) abstracts or summaries of recent academic research journal articles, 5) practitioner journals or magazines, 6) professional conferences, 7) popular books, 8) informal interaction with HRM directors or managers from other organizations,
There are many potential reasons why HR practitioners may not rely on research-based information from academic sources. For example, Terpstra and Rozell (1997) found that HR practitioners believe that informal interaction with peers, non-empirical practitioner journals, and popular books provide more useful information about HR practices than such sources as academic research journals, academic research conferences, and academic texts. Most HR practitioners do not believe that information obtained from academic sources is useful. Previous surveys have also indicated that HR managers have negative perceptions of the relevance and usefulness of academic research information (e.g., Duncan, 1974; Porter & McKibbin, 1988). Despite these negative perceptions of the usefulness of academic research information sources, it should be noted that research conducted by Terpstra and Rozell (1997) found that the only information sources that had a significant positive impact on organizational profitability were academic research sources.

The HRM directors were asked to rate both the frequency of use of each source by their HRM staff, and the perceived usefulness of the information obtained through each source. Additionally, hard measures of organizational profitability (annual profit margin and average annual growth in profit over a 5-year period) were obtained for each organization in the study. Not surprisingly, the academic research information sources (academic research journals, academic research conferences, and academic texts) were rated the lowest of the 17 sources in terms of frequency of use and perceived usefulness by the HRM directors. However, the empirical analyses conducted by Terpstra and Rozell (1997) found that the HRM directors' negative perceptions of the usefulness of academic research information were inaccurate. Correlation and regression analyses indicated that the only information sources that were significantly related to the hard measures of organizational profitability were the academic research information sources. Very few organizations make use of academic research information sources, but those few that do are significantly more profitable.

The results of the investigation of the usefulness of different HRM sources dovetail nicely with previous research which found that organizations that use HRM practices supported by the academic research literature are more effective, more productive, and more profitable than those organizations that do not use such practices (Huselid, 1995; Huselid et al., 1997; Terpstra & Rozell, 1993). Taken together, these empirical findings seem to support the model proposed by Terpstra, Mohamed, and Rozell (1996). Organizations that use better HRM information sources (evidence based on academic research information sources) should obtain higher quality knowledge and information regarding the efficacy of various HRM practices. This superior knowledge, in turn, should lead to the adoption and implementation of sound HRM practices that will significantly increase individual and organizational performance.

Other studies have also shown that the use of sound staffing practices can have a significant impact on an organization's bottom line. For example, Schmidt, Hunter, McKenzie, and Muldrow (1979) demonstrated that companies that adopted selection practices supported by the evidence from academic research literature increased their profits by several million dollars annually. There is a significant gap between research and practice in other areas of HRM, as well. A study by Johns (1993) found that very few organizations used performance appraisal practices, compensation practices, and training and development practices that are recommended by the academic research literature. However, it is clear that organizations that use HRM practices supported by the academic research literature are more effective, more productive, and more profitable (Huselid, 1995; Huselid, Jackson & Schuler, 1997; Terpstra & Rozell, 1993).

4. Reasons Why HR Practitioners May Not Use Evidence-Based Information in Global Business Operations

There are many potential reasons why HR practitioners may not rely on research-based information from academic sources in their practices. Latham (2007) has noted that academic researchers and HR practitioners have radically different attitudes and beliefs about which types of sources provide the most useful information regarding HR practices. For example, Terpstra and Rozell (1997) found that HR practitioners believe that informal interaction with peers, non-empirical practitioner journals, and popular books provide more useful information about HR practices than such sources as academic research journals, academic research conferences, and academic texts. Most HR practitioners do not believe that information obtained from academic sources is useful. Previous surveys have also indicated that HR managers have negative perceptions of the relevance and usefulness of academic research information (e.g., Duncan, 1974; Porter & McKibbin, 1988). Despite these negative perceptions of the usefulness of academic research information sources, it should be noted that research conducted by Terpstra and Rozell (1997) found that the only information sources that had a significant positive impact on organizational profitability were academic research sources.

To complicate matters, most academic information sources are difficult to access and interpret. For example, academic journal articles are written primarily for an academic audience, and many of the articles in these journals include academic jargon and sophisticated statistical terminology. Most HR practitioners lack the level of education and training that is needed to interpret and evaluate the research findings that are reported in the articles found in academic research journals.

Interestingly, Cascio (2007) has also noted that the HR profession in the U.S. does not require one to be exposed
to evidence-based information in order to practice, nor do the HR certification tests emphasize knowledge of the research findings regarding HR practices that academicians find important.

Another possible reason why HR practitioners may not use evidence-based information is because, in the absence of a formal scientific evaluation of their practices, they may not think that their practices need improving. This may be especially true for practitioners based outside of the U.S. A study by Srimannarayana (2009), which involved 109 HR professionals in various industries in India, found that the effectiveness of HR activities was typically measured by the process, not results. For example, the effectiveness of recruiting practices was often determined by cost per applicant per source, number of applicants selected per source, and number of employees quitting in the first six months. In another study conducted in India, Stumpf, Doh and Tymon Jr. (2010) examined the relationship between HR practices and company performance. The effectiveness of HR practices in this study was measured through surveys of over four thousand individuals from 28 companies. However, the survey measured 'perceived effectiveness' of the practices (e.g., in performance management, professional development, career success, and individual performance), and not the actual effect on organizational performance.

The measures used in the above-mentioned studies did not establish the strategic contribution of HR practices to the organizations' bottom-line to the point where the HR practitioners have to reexamine their practices and search for guidance and improvement beyond what their current sources provide. As organizations in our global economy mature, human resource practices will become a true source of competitive advantage, in which evidence-based practices will be employed to benefit their organizations.

Numerous studies of HR practices in organizations in China have come out in the past few years. Several of these studies have employed ‘traditional’ measurement procedures, rather than formal scientific evaluations of the effectiveness of HR practices. This makes it more difficult for HR practitioners to accurately assess the impact of their HR practices on important organizational outcomes. Cultural differences may also add to HR practitioners' reluctance to adopt some evidence-based HR practices. For example, a study by Lin, Kelly, and Trenberth (2011) found that flexible benefit plans were not widely implemented in China. The authors speculated that China's cultural values may restrict the use of flexible benefit plans. This speculation stemmed from their review of previous research regarding national cultures.

Some research conducted in the UK has also suggested that many of their organizations do not rigorously evaluate the effectiveness of their HR practices. For example, Armstrong, Brown, and Reilly (2011) used surveys of 173 HR and reward practitioners in the UK to determine the extent to which reward management practices were formally evaluated. They found that the organizations recognized, in general, that the value of rewards should be formally evaluated, yet most did not conduct these evaluations due to a lack of resources or time. As was mentioned previously, Guest (2007) has argued that the situation in the U.K. is comparable to the U.S. Many organizations do not formally evaluate their HR practices in the UK. Nor do HR practitioners in the UK generally make use of evidence-based information from academic research sources. It was noted earlier, however, that the British government used an evidence-based, metric-driven approach in an attempt to revitalize the Royal Mail (Bourne & Haddon, 2010).

5. Recommended Sources of Evidence-Based HRM Information
Empirical research studies strongly suggest that the best way for an organization to gain a competitive advantage is to scan academic research sources for information about HRM practices, and then use that information to adopt and implement the best possible HRM practices. The highest octane fuel for an organization's engines of competitiveness might be found in HRM information sources such as academic research journals, academic research conferences, and research-based academic textbooks.

5.1 Academic Research Journals
Academic research journals may be the best source of sound HRM information. Most of these journals can be accessed in either hard-copy or electronic form. Admittedly, it is time-consuming and difficult to 'extract' high-quality fuel from this academic information source. Academic research journal articles are hard to read and interpret. These articles are primarily written by academicians for an academic audience. As such, many of these research articles are chock-full of academic jargon and sophisticated statistical terminology. It might be noted that some so-called “bridge” journals have recently emerged. These bridge journals attempt to communicate the results of academic research studies in a way that is more accessible to HR practitioners. For example, the ‘Academy of Management Perspectives’ offers more readable narratives of scientific research related to HR practices. Another journal, ‘Human Resource Management International Digest,’ reviews current academic research journal articles and summarizes them in an easy-to-read format for HR professionals.
There is a good deal of variability in the quality of the existing academic HRM journals. Some HRM journals are more rigorous than other journals; and these journals are more likely to contain information that is more reliable and valid.

Even within a given academic research journal, some types of articles are likely to be more useful to HRM decision-makers than others. Some articles may report the findings of exploratory studies, and additional research may be required before their ideas should be implemented. Other articles may be primarily theoretical in nature, and their value to HRM decision-makers may not be immediately evident. But some types of articles, such as meta-analyses (statistical reviews of many previous research studies that investigated the same HRM practice or concept), may have a great deal of utility to HRM practitioners in deciding on which HRM practices to adopt and implement.

5.2 Academic Research Conferences

Academic research conferences represent another good source of sound HRM information. Extracting high-octane HRM fuel from research conferences may also prove time-consuming and difficult. The information presented at these conferences suffers from many of the same problems as those associated with the information found in academic journals (e.g., papers written by academicians for an academic audience, lots of academic jargon, and sophisticated statistical terminology).

HRM researchers typically submit their research papers to academic conferences (such as the annual conference of the Society of Industrial and Organizational Psychology, or the annual meeting of the Academy of Management) before attempting to publish them in academic research journals. If their conference submissions are accepted, the academic researchers will present their research papers at the conferences, and receive feedback from their peers regarding the quality of their research. Eventually (perhaps two years later), some of the better research papers that were presented at these conferences will be published as articles in academic research journals.

One drawback to searching for useful HRM information at academic research conferences is that the quality of the research papers that are presented is more variable than the quality of articles found in academic research journals. However, these conferences are also where new and potentially useful HRM information is first brought to light. As previously mentioned, there is a significant time lag between the presentation of new research ideas at conferences and the later publication of those ideas in academic research journals.

5.3 Academic Textbooks

Academic textbooks constitute another good source of sound HRM information. Useful HRM information can be obtained by reading and reviewing academic textbooks that are used for university HRM courses. Additionally, some textbooks can now be found in digital format, online, and at a fraction of the cost of printed texts. It is relatively easy to extract high-quality HRM fuel from this source because academic textbooks are written for university students, rather than for academic faculty with Ph.D.s. The academic jargon and sophisticated statistics common to research journal articles or research conference papers are kept to a merciful minimum in academic textbooks.

There are several textbooks on the market that are available for university HRM courses. These texts may be introductory HRM texts, or more specialized texts in the areas of recruitment, selection, performance appraisal, performance-based pay systems, or training and development, for example. There is some degree of variability in the content of existing academic textbooks. Some texts emphasize style and 'readability.' Other texts emphasize content, and do a better job of summarizing the empirical research regarding various HRM practices. The best choices are research-based HRM texts written by respected authors. You can generally determine whether a textbook is research-based by reading the "preface" and by checking the number of references or endnotes at the end of each chapter. Alternatively, you could contact HRM professors at nearby universities, and ask them to recommend sound, research-based HRM texts.

A potential drawback with the use of academic textbooks is that the research information that is presented is more dated than the information that is presented in academic research journals or at academic research conferences. As was previously mentioned, new research information is typically first presented at research conferences. Two years later, some of the research papers that were presented at academic conferences will appear in academic research journals. It may take another two years for some of the academic research journal articles to first appear in academic textbooks. With academic textbooks, there is a trade-off between readability and ease of access on the one hand, and the currency of the research information, on the other hand.
6. Specific Recommendations for Accessing and Using Academic Research Information

We will now provide some specific recommendations for accessing academic research information, and using that information to adopt and implement the best possible HRM practices.

HRM practitioners in smaller organizations or in organizations with limited resources could periodically obtain and scan recent editions of sound, research-based HRM textbooks for new and potentially useful information. HRM professors at local universities could be contacted and asked to recommend good research-based academic HRM texts, or more specialized research-based texts in such areas as recruitment, selection, performance appraisal, performance-based pay systems, or training and development, for example. More often than not, university professors will loan or give you the textbooks that they recommend.

As was previously mentioned, the information found in academic textbooks can be somewhat dated. HRM professors who are active researchers could also be contacted and asked if they have come across any new and potentially useful HRM information in the academic research journals that they have read, or at the academic research conferences that they have attended. It might also be possible to arrange for a more formal relationship with HRM professors. For a small consulting fee or 'information scanning' fee, HRM professors who are active in academic research could periodically report to your organization on new HRM ideas found in academic journals or at academic conferences.

Research universities with Ph.D., programs in HRM or in Industrial/Organizational Psychology typically have a number of Ph.D. candidates. It might be possible to arrange for a Ph.D. student in HRM or Industrial/Organizational Psychology to monitor and scan academic research information sources for your organization for a small fee. Third-year or fourth-year Ph.D. students typically have the level of training in statistics and research methodology that is required to understand, evaluate, and interpret the new research findings reported in academic research journals and at academic research conferences.

Larger organizations with greater resources would be wise to hire one or two full-time HRM staff with Ph.D.s in HRM or Industrial/Organizational Psychology. These HRM staff could serve as full-time information scanners who would continuously monitor and read the relevant academic research journals, and attend all of the relevant academic research conferences. These individuals would essentially serve as 'in-house extension agents.' They would monitor all of the relevant academic information sources. They would critically evaluate new research information, and identify the more promising ideas and practices. And then, they would translate, summarize, report, and market these promising ideas and practices in understandable and readable language to their superiors within their organizations. In the long run, hiring HRM staff to actively scan the academic research literature for new ideas should provide a real edge over one's competitors.

7. Summary and Conclusions

Organizations face intense competition in our new global economy. This increasingly competitive global business environment means that organizations need to search for new ways to boost performance and productivity. Recent research suggests that we should look to the area of HRM for a competitive advantage.

At the present time, academic research information about HRM practices is largely ignored by organizations. And very few organizations choose and use HRM practices that are recommended by the academic research literature. However, the empirical research indicates that the best way for organizations to gain a competitive advantage is to scan academic research sources for evidence-based information about HRM practices. Organizations whose HRM staff read the academic research literature, and who adopt HRM practices recommended by the academic research literature have significantly greater financial performance than those that do not. The highest octane fuel for an organization's engines of competitiveness might be found in such information sources as academic research journals, academic research conferences, and academic textbooks.

In conclusion, the judicious use of academic research information regarding HRM practices may play a crucial role in the survival and success of organizations in today's intensely competitive global business environment.

References


