Subcultures and employment modes: translating HR strategy into practice

Jennifer Palthe
Western Michigan University, Kalamazoo, Michigan, USA
Ellen Ernst Kossek
Michigan State University, East Lansing, Michigan, USA

Abstract *Past research suggests that most culture change efforts proceed with limited attention to the pluralistic nature of contemporary organizations. We argue that the relationship between organization subcultures and the implementation of new HR strategies into HR practice has not been adequately explored because of the lack of a comprehensive framework for defining and integrating culture change and the strategic HR literature. We review the organization culture and strategic HR literature and present a heuristic that serves as a step toward exemplifying the role of changing employment modes and organizational subcultures in enabling or constraining the implementation of HR strategy.*

Adjusting to changing environmental demands has been an ongoing pursuit of organizations for centuries, but the task has become even more perplexing over the last decade. In response to the accelerated pace of change worldwide, organizations are becoming flatter and more agile, and are manifesting more diverse forms of organizational cultures. Recent trends in the changing nature of the employment relationship (Tsui *et al.*, 1997), and the growing use of "peripheral" or temporary employees, highlight the need to focus on the impact that various organization subcultures have on a firm's ability to adapt and change. Moreover, the movement towards the externalization of the workplace (Tsui *et al.*, 1995) has resulted in many subgroups within the same firm being subjected to different human resource (HR) practices.

In this paper, we extend research exploring changing HR strategies and employment modes within an organization, and help integrate this body of literature with organizational culture and subcultures. We argue that subcultures and their supporting routines, habits, and norms within an organization enable, transform, or constrain the implementation of a firm's HR strategies. In addition, changing employment modes convey different meanings to employees, and reinforce different attitudes, behaviors, and HR practices. To date, strategic human resource management (SHRM) research has focused on examining the relationship between the HR strategy and firm performance, assuming a unitary organizational culture and HR architecture. However, given the increasing use of multiple HR configurations within a

single organization (Lepak and Snell, 1999), we argue that SHRM theorizing should also consider the potentially powerful influence that organizational subcultures have on the firm's ability to change. While the impact of subcultural influences on HRM has been addressed before (Handy, 1999), subcultural issues remain under-examined in both SHRM theorizing and organizational theory in general (Detert et al., 2000; Schein, 1996). In addressing these research gaps, this paper seeks to prompt future empirical research that aims to test the role of organizational subcultures and employment modes in the effective translation of HR strategies into HR practice. This should stimulate research that is better able to capture the increasing fluidity and plurality of current marketplace realities.

The structure of our paper is as follows. First, in Table I, we provide background on the main strategic HRM theories and approaches evident in the literature and their treatment of organization culture, and propose networks of configurations as an emerging HR architecture. Second, we define organizational culture and subculture and apply the concepts of integration and differentiation (Lawrence and Lorsch, 1969; Martin, 1992) and fragmentation (Meyerson and Martin, 1987) to provide theoretical rationale supporting the existence of multiple subcultures within the firm. To operationalize organizational culture and integrate it with the SHRM literature, we build on the work by Hofstede et al. (1990) and Yeung et al. (1991), by presenting a typology of organization subcultures that relate with recognized strategic HR configurations. In Table II, we show the proposed bundles and key distinctions between HR strategies, employment modes, and organizational subcultures. Third, in Figure 1, we develop a framework that shows the links between HR strategies, organizational subcultures, employment modes, and HR practices. We develop propositions to exemplify our analysis and provide implications and directions for future research.

1. Literature review

Weick (1985) argued that culture and strategy are partly overlapping constructs. Yet, organizational culture has been described as the missing concept in management and HR studies (Schein, 1996). Hence, before we can explore the role of organizational subcultures in enabling or constraining the translation of HR strategies and into HR practice, we need to begin by investigating the established links between culture and SHRM. Despite assertions in the SHRM literature that culture is key to organizational performance, relatively little work to date has integrated constructs from the culture literature to SHRM theories. Though often, only implicitly considered, major SHRM theories assume cultural relationships. With the goal of fostering increased theoretical integration between culture and SHRM studies, in Table I, we consider the way in which culture has been implicitly considered in the four dominant theoretical perspectives

Theoretical perspective	Underlying strategic HRM arguments and assumptions	Underlying organization culture arguments and assumptions	Underlying employment relationship arguments and assumptions	Form of relationships	Focus of relationships
Universal	Certain HR practices are better than others. Organizations should adopt these best practices to optimize firm performance. Research examples: Osterman (1994); Pfeffer (1994)	A dominant "strong" culture, that all organizational members identify with, improves firm performance. Research examples: Deal and Kennedy (1982); Dennison (1984)	The workforce is viewed as a predominantly homogenous group of career employees with permanent, full-time jobs. Research example: Whyte (1956)	Unidirectional, linear	Individual best practices directly influence firm performance
Contingency	HR policies and practices must be consistent with other areas of the business if they are to enhance firm performance. Research examples: Delaney and Huselid (1996); Huselid (1995); Snell et al. (1996); Wright and Snell (1998)	The organization culture needs to be aligned with the overall business strategy to be a source of sustainable competitive advantage. Research examples: Barney (1986); Saffold (1988); Yeung et al. (1991)	Contingent workers: part-time, contractual, seasonal, or casual are integral parts of HR in many organizations and interact with other core workers to influence firm performance. Research example: Pfeffer and Baron (1988)	Interactions, fit and congruencies	HR practices are aligned with other strategic business areas to affect firm performance

(continued)

Table I.
Current theoretical
SHRM approaches
and their
relationship to
culture and
employment modes

Theoretical perspective	Underlying strategic HRM arguments and assumptions	Underlying organization culture arguments and assumptions	Underlying employment relationship arguments and assumptions	Form of relationships	Focus of relationships
Configuration	Bundles or patterns of HR practice have more influence on performance than individual practices working in isolation. Multiple unique configurations of the relevant factors can result in maximal performance. Theory generally assumes that bundles are positive in employee impact. Research examples: Arthur (1994); Cappelli and Singh (1992); Doty et al. (1993); Doty and Glick (1994); MacDuffie (1995); Mintzberg (1979)	Configurations of "ideal" organization culture types and HR strategies enhance firm performance. Bundles of practices need to be aligned with particular culture types to enhance firm performance	Employment relationship assumed generally to be internal employment systems with internal labor markets and job security	Higher order interactions and synergies	Patterns or bundles of HR strategic types affect firm performance.

(continued)

Table I.

| Theoretical perspective	Underlying strategic HRM arguments and assumptions	Underlying organization culture arguments and assumptions	Underlying employment relationship arguments and assumptions	Form of relationships	Focus of relationships
Emerging architecture: networks of configurations	A HR architecture with different HR configurations for employee subgroups co-exist within a single organization. Research example: Lepak and Snell (1999)	Although culture has not generally been measured, trust and organizational citizenship and psychological commitment assumed to be higher for employees in employer investment oriented relationships	HR practices are differentially applied across various employment groups in the organization. These convey different messages to employees and arouse differing assumptions and affective responses to the employment relationship. Research examples: Rousseau (1995); Tsui et al., 1995, 1997	Non-linear, multidimensional synergies and higher order interactions.	Patterns or bundles of HR strategies, employment modes and subcultures influence HR practice and firm performance

Table I.

emerging in the SHRM literature. Table I summarizes the SHRM theoretical approaches and their underlying assumptions regarding organization culture and employment relationships.

In Table I, the first major theoretical SHRM perspective involves a universal approach that suggests that certain "best practices", if adopted, will optimize firm performance (Osterman, 1994; Pfeffer, 1994). Although not always empirically measuring culture, universalistic theorists implicitly suggest that having a dominant organization culture that all organizational members identify with is a best practice that improves firm performance (Dennison, 1984). This approach emphasizes the importance of a unified "strong" culture as a key to competitive success (Deal and Kennedy, 1982;

	HR strategies	Organization subcultures	Employment modes
Table II. Complementary bundles of HR strategies, subcultures and employment modes	"Make" human capital	Employee-centered	Internal development of human capital
	"Buy" human capital	Professional-centered	Acquisition of human capital
	Contract human capital	Task-centered	Contracting human capital
	Partner and collaborate	Innovation-centered	Building human capital alliances
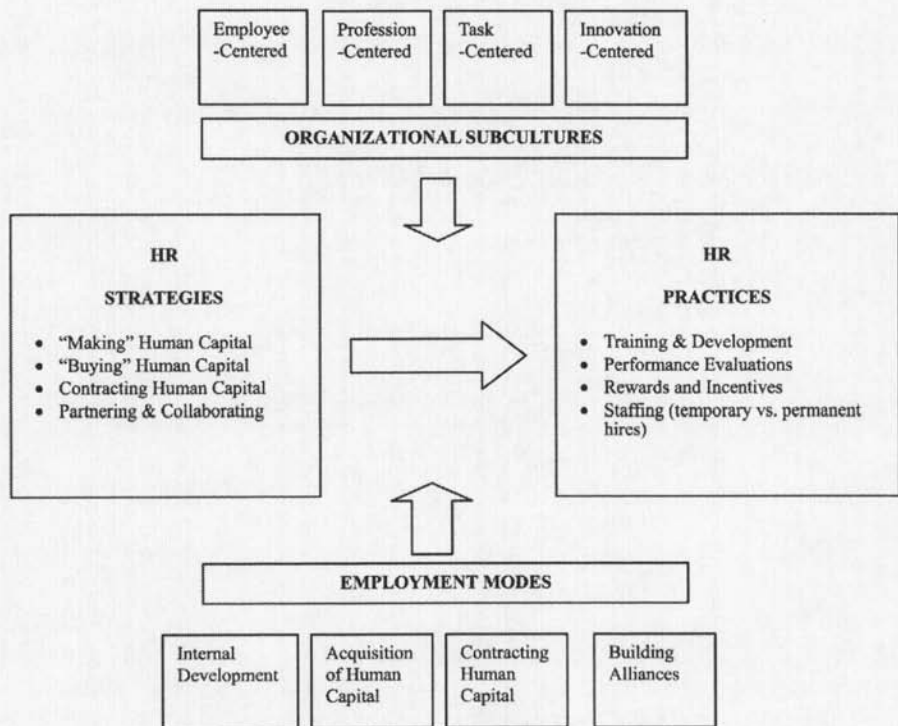
Figure 1.
The role of changing organizational subcultures and employment modes in moderating the translation of HR strategies into HR practices

Dennison, 1984). Universalistic theorists tend to assume that most members have job secure employment relationships. An unspoken assumption is that the workforce is comprised of full-time career employees with homogeneous core values. By focusing on the individual best practices that directly influence firm performance, the research tends to examine unidirectional linear main effect relationships (e.g. Huselid, 1995), which have generally received strong empirical support (Delery and Doty, 1996).

The second dominant approach highlighted in Table I is the contingency perspective that emphasizes the importance of aligning various HR practices with other business strategies to enhance firm performance. Within this framework, strategic HR is primarily concerned with the development of an organization's capability to adapt to changing environmental contingencies (Snell *et al.*, 1996; Wright and Snell, 1998). Contingency theorists implicitly believe that the organizational culture needs to be aligned with the overall business strategy to be a source of sustainable competitive advantage, though little empirical work measures culture and SHRM in the same study. Contingency theorists consider non-alignment to be deadly. As Barney (1986) argued, if a firm's culture enables it to behave in a way that is inconsistent with a firm's competitive situation, then it cannot be a source of superior financial performance. Contingency theorists tend to focus on HR strategies and employment relationships for the main workforce. They argue that HR strategies should be developed to create a shared mindset for core workers, and may overlook other employee constituencies' role (e.g. contingent workers, subcontractors) in the enactment of strategies and their concomitant impact on firm performance.

The third dominant theoretical approach presented in Table I is the configurational perspective. Configuration theories emphasize the holistic, aggregated, and systemic nature of organizational phenomenon (Miller, 1996). This view assumes that the influence of bundles of HR practices on firm performance may be strengthened when practices are matched with the competitive requirements inherent in the firm's strategic posture (Cappelli and Singh, 1992; Meyer *et al.*, 1993). Much of the early configurational SHRM research focused on high-performance work systems (Arthur, 1994; MacDuffie, 1995) where job security was generally part of the bundle. A strong culture was implicit, though not always directly measured, but reinforced by HR practices selecting employees for cultural fit, and rewarding them for teamwork and high commitment behaviors. Here, patterns or bundles of HR practices and interactions are assumed to affect organizational change and performance.

We argue that a fourth major theoretical approach has developed as an emerging SHRM architecture: networks of HR configurations. As Lepak and Snell (1999) note, organizations are increasing deploying HR architectures with different HR configurations for specific employee subgroups that coexist within a single organization. Although culture has not generally been discussed in these studies, employees and work groups who are targets for

bundles of investment-oriented policies are said to have higher trust, organizational citizenship, and commitment. Though limited empirical research has caught up with theorizing (see Tsui *et al.*, 1995, 1997, for exceptions), research studies in this stream investigate nonlinear multidimensional synergies and higher order interactions. Consistent with this approach, Whittington *et al.* (1999) suggest that organizational performance is likely to come from interlinked clusters or systems of practices, rather than piecemeal initiatives that are uniformly applied. Indeed, their notion of complementarities would suggest that high-performing firms are likely to be combining a number of HR strategies at the same time. Likewise, the emerging architecture suggests that there are likely to be at least three-way relationships in a configuration and these, in turn, are likely to influence the effects of other configurations. Hence, while configuration theories suggest that certain HR strategic types affect performance, the emerging architecture that we propose suggests that this process is in fact more complex, involving a network of interacting configurations.

2. Organizational culture, subcultures and SHRM
Detert *et al.* (2000), in their recent review of the role of culture and improvement initiatives in organizations, call for future research to explore the role of organizational subcultures to better understand why some initiatives give rise to real changes and others cause a return to the status quo. They argue that, in case after case, organizations have paid limited attention to the values and beliefs of lower level employees, "acting as if their management subculture represents a unitary, organization-wide culture" (Detert *et al.*, 2000, p. 858). As Legge (2001) asserts, this unitary approach ignores dual labor markets, contingent workers and business strategies that logically do not require "high commitment" HR strategies to achieve success. Consistent with her argument, we believe that a unitary approach to culture is too simplistic, given the growing variation in employment modes across employee groups in organizations.

While some scholars have argued that organization cultures are keys to organizational performance (Barney, 1991), others have suggested that even the most brilliant HR strategy is useless if not socially accepted (Green, 1988). With this in mind, we acknowledge the controversies surrounding both the definition and measurement of organization culture, recognizing that culture and subcultures can be studied at multiple levels, some of which are less observable than others. A predominant view of culture is that it is a pattern of basic assumptions, beliefs, and values that members of an organization have in common (Gowler and Legge, 1986; Schein, 1985; Schneider, 1990; Smircich, 1983). Others study culture at a more observable level, choosing to focus on the manifestation of underlying beliefs and values through behavioral norms and artifacts (Deal and Kennedy, 1982; Hofstede, 1998; Martin, 1992; Trice and Beyer, 1984).

Van Maanen and Barley (1985) define subcultures as a subset of an organization's members who interact regularly with one another, identify themselves as a distinct group within the organization, share a set of problems, and routinely take action on the basis of collective understandings unique to the group. The main difference between cultures and subcultures is that a culture is a unitary whole while subcultures paint a picture of multiple small cultures coexisting within the same organization (Hatch, 1997). Moreover, subcultures or countercultures (Martin and Siehl, 1983) may resist or deny predominant organizational values, thereby undermining or constraining the implementation of particular HR strategies. Where subcultures within a firm clash with its HR strategies, conflicts of interest naturally arise, strategies are resisted, and the firm's performance may ultimately be impaired. Consistent with this perspective and the belief that organizations comprise multiple subcultures, we argue that subcultures with their associated behavioral norms, routines, and habits not only exist but also play a significant role, influencing the degree to which HR strategies are successfully translated into HR practice.

Additional perspectives on organizational culture that have implications for HR architectures suggest that organizational culture may be integrated, differentiated, or fragmented (Meyerson and Martin, 1987). The integrated view emphasizes organization-wide consensus, consistency and clarity (Trice and Beyer, 1993). From this perspective, culture is viewed as an integrating mechanism that fosters a level of sharing and homogeneity among organizational members. Cultural integration is said to exist in organizations where all members share in an organization-wide consensus (Martin, 1992). Some would argue, however, that these "integrative" or "strong culture" models are too simplistic (Saffold, 1988), and that similarities among cultural traits may create the appearance of a unitary, integrated culture in organizations, while actually disguising or ignoring subcultural differences. Likewise, Legge (1989) argues that this "strong culture" is aimed at uniting employees through managerially sanctioned values that assume an identification of employee and employer interests. We agree that these assumptions oversimplify the true nature of organizational functioning and assert that, rather than striving for a "strong culture" as a best practice, organizations could benefit from designing HR strategies that recognize and accommodate different subcultures within a firm. Consistent with this, Sackmann (1992), in her study of organization cultures and subcultures, concluded by suggesting:

> ... if a more differentiated cultural perspective is applied, "strong cultures" could turn out to be less consistent, less strong, and less homogeneous than they appear to be (Sackmann, 1992, p. 156).

Lepak and Snell (1999, p. 45) also argue, "there may actually be no one best set of practices for every employee within the firm". Likewise, Van Maanen and Barley (1984) suggest that multiple subcultures appear to be the rule in practice, and unitary cultures are an exception.

In light of rising dissimilarity in employment modes, and the dwindling number of firms that steadfastly apply best practices such as high wages, job security and constant training to all workers across global markets, it will become increasingly difficult for companies to maintain these "strong" integrative cultures. Although most SHRM studies assume a direct main effect of a generalized culture on performance, growing changes in employment modes may make it increasingly unrealistic for researchers to measure and view culture as a uniform construct.

We build on developments in the organization culture literature that emphasize a differentiation perspective on organization cultures. The differentiation approach emphasizes the existence of multiple subcultures in an organization, rather than a single integrated culture that everyone in the organization consistently shares. The differentiation approach (Martin, 1992) suggests that behavioral norms and practices vary across organizational sub-units and are not necessarily shared by all constituencies. Cultural manifestations, like behavioral norms and practices across subgroups in organizations, are perceived as inconsistent and conflicting. The differentiation approach also recognizes that complex organizations reflect broader national cultures and possess components of hierarchical, occupational, ethnic, racial, and gender-based identifications (Van Maanen and Barley, 1984). This approach views clarity and consensus as something that exists within subcultures (Hofstede, 1998) and subcultures are depicted as coherent, consistent, and stable wholes (Hatch, 1997). According to Martin and Frost (1995) the differentiation perspective includes at least two research subdivisions that have developed in distinctive ways from differing intellectual traditions. One includes interpretive or pluralistic studies that link the notion of subcultures to change (Martin and Siehl, 1983), and the other involves a more critical approach to management theory in general (Van Maanen, 1991). Interpretivists focus on the ongoing processes of sensemaking and meaning creation, seeking to understand the construction of culture (Schultz and Hatch, 1996). Furthermore, within the interpretivist paradigm, culture has often been conceptualized as a worldview or webs of significance (Geertz, 1973).

A third approach to culture is the fragmentation approach (Meyerson and Martin, 1987). According to this perspective, the relationships between the manifestations of culture are complex, containing elements of contradiction and confusion (Martin and Frost, 1995). Lack of consistency, lack of consensus, and ambiguity are the key characteristics of the fragmentation view of culture. Embedded in constantly changing organizations, environments, and group boundaries, individuals have fragmented and fluid self-concepts (Martin, 1992). At times, an employee may perceive themselves as belonging to one subculture such as the core workforce (Mintzberg, 1979), and within the same workday another subculture becomes salient (e.g. being the only black male at a managerial meeting). From this perspective, variety and complexity among

individuals and groups are characteristic features of organizational life and influence the effectiveness of HR practices. According to Martin (1992), the fragmentation perspective can be defined as a post-modern critique of the differentiation approach. The focus of the critique is on the manner in which the differentiation perspective identifies subcultures using dichotomous thinking. It is beyond the scope of this paper to discuss post-modernism at length; however, it does present some interesting considerations with regard to organizational culture and subcultures. While post-modernism offers a multiplicity of contradictory interpretations of organizational phenomena (Townley, 1989), it could provide insights into the strategies that make cultural accounts more representational of multiple voices in an organization (Martin and Frost, 1995). Numerous HR strategy implementation questions also emerge from the differentiation and fragmentation paradigms. The differentiation approach would suggest that HR strategy implementation is likely to be incremental and localized at the group level of analysis. Incentives for fully operationalizing the HR strategies are also likely to be driven by external and internal catalysts rather than a single corporate leader, and the locus of change is the subculture itself (Meyerson and Martin, 1987). The fragmentation perspective, on the other hand, would suggest that change is in constant flux, rather than an intermittent interruption in an otherwise stable state (Martin and Frost, 1995). The effective implementation of HR strategies at this individual level of analysis would require cognitive openness to change as well as a tolerance for ambiguity. As Meyerson and Martin (1987) assert, this acceptance of ambiguity, ironically, both induces and obscures continual change, making it difficult to manage.

To operationalize organizational culture in this paper, we build on the organization culture dimensions that have been empirically tested by Hofstede *et al.* (1990), and Yeung *et al.* (1991), and develop a typology of organizational subcultures that we integrate with our framework presented in Figure 1. The four types of subcultures include:

(1) employee-centered;
(2) profession-centered;
(3) task-centered;
(4) innovation-centered.

Yeung *et al.* (1991), in their study of the relationship between organizational culture and firm performance, found evidence to support the existence of clusters of cultures within a single firm. The first culture type they identified was a "group culture" that emphasized high degrees of commitment, loyalty and tradition on the part of employees. This culture concurs with Hofstede *et al.*'s (1990) "employee-oriented" culture, where high levels of employee commitment and loyalty are generated by paying significant amounts of attention to employees' well-being. We have termed this type of culture "employee-

centered". The second culture type Yeung *et al.* (1991) tested was a "hierarchical culture", characterized by many formal professional rules and policies. This dimension concurred with Hofstede *et al.*'s (1990) professional-oriented culture, where commitment to professional rules is emphasized. We termed this type of culture "profession-centered". A third culture type Yeung *et al.* (1991) tested was a "rational culture" that emphasized the accomplishment of tasks and goals. We called this culture "task-oriented", where groups attach great importance to compliance with rules and procedures associated with the actual completion of tasks rather than the process of completion. This dimension also concurred with Hofstede *et al.*'s (1990) "results-oriented" dimension that emphasizes the degree to which the completion of tasks is valued more highly than the process whereby they are fulfilled. The fourth and final culture type Yeung *et al.* (1991) explored was a "developmental culture" that was characterized by a strong commitment to innovation and development. We have termed this type of culture "innovation-centered". Although Hofstede *et al.* (1990) did identify and test several additional culture types (open system orientation, tight control, and normative orientation), for the sake of simplicity, we chose not to incorporate these within the scope of our model.

The typology that we propose is not intended to be exhaustive but merely illustrative of important relationships between organizational subcultures, employment modes, and HR strategies. Thus, although Hofstede *et al.* (1990) proposed six dichotomous cultural dimensions and Yeung *et al.* (1991) proposed four cultural dimensions, for the sake of explication and simplicity, we selected four dimensions that related well to the configurations of HR strategies and employment modes described by Lepak and Snell (1999). While Hofstede *et al.* (1990) and Yeung *et al.* (1991) set out to measure organizational culture, both studies found evidence of the existence of subcultures or multiple cultural clusters in a single firm. Therefore, instead of generating a completely new set of potential subcultural types, we chose rather to build on the empirical findings of these studies.

To operationalize employment modes, we drew from Lepak and Snell's (1999) theory of HR allocation. Their theory posits that organizations adopt different employment modes associated with the value and uniqueness of human capital. The employment modes include:

- internal development of employees;
- acquisition of HR;
- contracting employees; and
- building alliances.

Their theory suggests that the decisions to "make" versus "buy" human capital ultimately depends on the value-creating potential of employees, as well as their uniqueness to a particular firm. Jobs low in value and uniqueness will tend to be externalized via contingent work arrangements, unlike those

possessing high value and uniqueness that will be developed internally. According to Lepak and Snell (1999), commitment-based HR configurations are characterized by a pattern of HR practices that foster employee involvement, supporting a mode of employment mode that involves the internal development of employees (the "make" approach). Market-based HR configurations are associated with modes of employment that foster the acquisition of human capital (the "buy" approach). Compliance HR configurations are characterized by contracting employment modes and have many rules and regulations to ensure conformance to preset standards. Collaborative HR configurations involve structural arrangements that encourage and reward cooperation, and information sharing, and are associated with mutual alliances and partnerships.

We believe that within most contemporary organizations, multiple organizational subcultures and employment modes coexist and influence the degree to which HR strategies are enacted. Admittedly, in more traditional firms, HR practices and employment modes are relatively similar across all employee groups. In most modern organizations, however, there are significant differences in HR practices across employees performing core versus non-core tasks. The results of Yeung *et al.*'s (1991) empirical efforts also suggest that:

> ... organizations are seldom characterized by one pure culture type. They always represent a combination of different types, either driven by several dominant types, one dominant type, or no specific type (Yeung *et al.*, 1991, p. 69).

These subcultures may include, for example, permanent and temporary hires, or employees who work in teams as compared to individual contributors. In sum, we propose that different subcultures and modes of employment together influence the degree to which new HR strategies are accepted and used in practice. Table II serves to highlight the key distinctions between employment modes and subcultures, as well as exemplify the proposed bundles of HR strategy, subculture, and employment mode necessary for the effective translation of HR strategy into HR practice.

3. Proposed framework: linking HR strategies, subcultures, employment modes, and HR practices

Yeung *et al.* (1991) called for much further theoretical work to identify and unravel the complex relationships between changing organizational cultures and HRM. Although models are inherently incomplete depictions of the empirical world, Figure 1 attempts to illustrate the conceptual linkages between organizational subcultures and employment modes (Lepak and Snell, 1999) and their role in moderating the translation of HR strategy into HR practice. These HR strategies may include:

- making or creating human capital;
- buying or developing human capital;

- contracting human capital; and
- partnering and collaborating for human capital (Lepak and Snell, 1999).

These strategies, in turn, are enabled or constrained by different subcultures (employee-, profession-, task-, or innovation-centered) and employment modes (internal, acquisition, contracting, collaborating). Different HR practices then ultimately influence HR outcomes such as commitment and organizational citizenship behavior that are important, but beyond the scope of this paper. As reflected in our framework, we believe that networks of HR strategies, moderated by bundles of organizational subcultures and employment modes, impact HR practices, not a single HR strategy that is uniformly applied across a culturally monolithic corporation. We believe that, in addition to the existence of multiple subcultures in a single firm, organizations can use multiple HR strategies, and various modes of employment simultaneously. Hence, while we propose certain configurations of subcultures, employment modes, and HR strategies, it should not be assumed that an organization has only one of these culture types or implements only a single type of HR strategy corporate-wide. Rather, we assert that organizations need to recognize and accommodate multiple subcultures, carefully aligning them with a complementary HR strategy, and employment mode.

Figure 1 is intended primarily as a heuristic to exemplify the role of subcultures in moderating the relationship between HR strategy and practice. However, we recognize that interrelationships between subcultures in organizations may influence the degree to which HR practices are fully operationalized. By identifying some potential configurations of HR strategies, organizational subcultures, and employment modes within an organization, and then exploring the degree to which they are complementary, we believe, may provide useful insights regarding the dynamic nature of HR strategy implementation. Configurations are, in essence, dynamic (Miller, 1996) and they have the advantage of displaying synergies and organizational parts that complement one another.

3.1 Employee-centered subculture for creating human capital

We propose that where the HR strategy aims to create or "make" human capital, the modes of employment should embrace the internal development of human capital (Lepak and Snell, 1999), and the subcultures should be employee-centered for the effective realization of the HR strategies. Employee-centered cultures are characterized by strong employee commitment to the organization where loyalty and traditions are valued (Hofstede *et al.*, 1990). For example, high performance work systems that are characterized by high employee orientation are essential for promoting commitment and creating long-term employment relationships. This makes sense in that jobs that are loosely defined allow for greater flexibility and encourage employee involvement, necessary for enhancing commitment.

Possessing more employee-centered subcultures also translates into HR practices that foster the development of existing employees. Training and socialization programs that promote individual fit and development within the firm become particularly important under these conditions. Additionally, given that the focus is on long-term employment and commitment and loyalty toward the firm, succession and career planning initiatives become crucial for sustaining this type of HR configuration, as well as the norms and behaviors that reinforce it. Therefore, we propose:

P1. Where the HR strategies aim to create or "make" human capital, the employment mode that focuses on internal development, and subcultures that are employee-centered will positively support the translation of HR strategies into HR practice.

3.2 Profession-centered subcultures for acquiring human capital

Where the HR strategies are market-based and the modes of employment involve the "buying" or acquisition of human capital, the associated subcultures are likely to be more profession-centered. Drawing from Hofstede et al. (1990) organizational culture research, these profession-centered cultures are characterized by strong adherence to professional standards, regulations, and norms. Business tends to be formal and structured.

Organizations high in professional orientation will tend to benefit from the valuable skills that have been developed externally, while retaining them internally for the duration of the employment relationship. An example of a market-based employment system involves higher education where the terms and conditions of employment, although tightly controlled, tend to get set by the external labor market. A dominant factor and organizing principle in the employment relationships in higher education, is the external labor market (Cappelli, 1999). The "publish or perish" maxim highlights the fact that performance is often based on scholarly work judged by people external to one's institution. Additionally, given that employment relationship is symbiotic and limited to the extent either employer or employee provides benefit to the other, performance evaluations become a critical HR practice in these organizations. Therefore, we propose:

P2. Where the HR strategies are market based and aimed at "buying" human capital, the employment mode that focuses on the acquisition of human capital, and the subcultures that are profession-centered will positively support the translation of HR strategies into HR practice.

3.3 Task-centered subcultures for contracting human capital

Where the HR strategies emphasize compliance and the modes of employment involve the contracting of human capital, we are likely to find subcultures that are task-centered. Task-centered cultures are characterized by a strong emphasis on goal accomplishment. In addition, organizational norms tend to

encourage results-oriented employees and behavior tends to be governed by tighter controls enforced through close supervision (Hofstede *et al.*, 1990).

Task-centered cultures appear to be best suited where the employment mode supports the contracting of human capital, as these employees possess skills that are not core to the business and are of limited uniqueness. The aim in these settings is for employees to comply with the requirements for accomplishing particular tasks. According to Hakanson (1995), high levels of documentation are indicative of tight controls where organizational units tend to be more oriented toward customer satisfaction. Temporary employees, outsourcing, and leasing arrangements, all fall within this category. To enforce compliance, organizational units in this category enforce rules and regulations, upholding specific provisions regarding work protocols, and ensuring conformance to preset standards (Lepak and Snell, 1999). This is intuitively indicative of organizational subcultures that emphasize tight control and a pragmatic orientation. Hence, whereas training and development may have been essential HR practices stemming from other HR strategies, rewards and incentives become critical HR practices to motivate employees to be productive under this scenario. Therefore, we propose:

P3. Where HR strategies emphasize compliance, employment modes that are contractual, and subcultures that are task-centered will positively support the translation of HR strategy into HR practice

3.4 Innovation-centered subcultures for creating human capital alliances

Where the HR strategies emphasize collaborative partnerships and the modes of employment involve alliances and networks of relationships, we are likely to find organizational subcultures that are innovation-centered. Innovation-centered cultures are characterized by loose controls and high creativity (Hofstede *et al.*, 1990). Emphasis in these environments is on growth through the development of new ideas.

The networks and partnerships so characteristic of these HR systems, are what drive the unique capability for innovation and flexibility in Silicon Valley firms, for example (Breslau, 2000; Cappelli, 1999). In addition, a logical extension of this mode of employment is the need for organizational subcultures that encourage creativity and flexibility. These subcultures should be high in process orientation and loose controls, given that flexible work systems are necessary to promote and enhance alliances and business partnerships. The HR practices that become critical under these conditions include training employees in process and networking skills, communication efforts, and organizational learning programs to promote the knowledge sharing. Therefore, we propose:

P4. Where the HR strategy focus on collaboration, employment modes that foster alliances, and subcultures that are innovation-centered will positively support the translation of HR strategy into HR practice.

4. Conclusion and future research directions

This paper provides ways to operationalize organizational subcultures and employment modes and their role in the translation of HR strategy into HR practice. The extant research pertaining to each of these constructs has tended to examine these issues separately, overlooking their interdependence. Although the level of change has focused on the mobilization and enactment of strategic HR, our framework is unique in that it highlights the importance of organizational subsystems in the realization of HR strategies. We have argued that previous SHRM theorizing has tended to underestimate the role of organizational subsystems in constraining or enabling change within the HR domain. Not only do these organizational subgroups play a significant role in ensuring that HR strategies are effectively implemented, but they can potentially undermine HR change efforts altogether. For example, countercultures may inhibit mergers from achieving their intended ends, where subcultures within the merging organizations resist the new HR policies. Similarly, downsizings may call into question the legitimacy of past HR policies that foster long-term employment relationships. These organizational subcultural dynamics and ongoing changes in employment modes provide at least some explanation for the varied success in converting HR strategies into effective HR practices. We believe that the main difference between top performing and mediocre organizations is not so much that one has a "strong", integrated culture supporting its strategic initiatives, but rather that their configurations of multiple organization subcultures and HR strategies are aligned in the optimal way.

Future studies might investigate relationships suggested by our propositions, thereby testing and further exploring the links between constructs derived from Lepak and Snell's (1999) theory of HR allocation and our discussion of organizational subcultures. Research, based on these propositions, will contribute to our knowledge of what the optimal configurations of HR strategy, subcultures, and employment modes should look like. This knowledge, in turn, would suggest practical approaches to dealing with the effective translation of HR strategy into practice. Recognizing the role of subcultures in organizations will also allow for greater validity of the conclusions drawn from empirical work that attempts to measure the effective implementation and diffusion of HR strategies. HR practitioners and change specialists would also be able to better understand why certain strategic HR initiatives are supported and effectively enacted in organizations and why others are simply resisted. Knowledge in this area would also help answer questions regarding the gaps between that which is espoused versus that which is truly operationalized in the HR function. What, for example, is the degree to which subcultures need to be aligned in order for HR strategies to be operationalized effectively? How do these subcultures influence the readiness of employee subgroups to accept the HR strategies? How compatible are the

existing HR strategies, organizational subcultures, and employment modes? How are HR outcomes such as employee commitment, and organizational citizenship behavior associated with HR strategy translation and organizational subcultures?

It is critical that scholars begin to test the combined effect of organizational subcultures and changing employment modes on the implementation of SHRM initiatives. It is too simplistic to think that one type of HR strategy and employment relationship will be appropriate for all employees. We believe that organizations do not manage all employee groups the same way and HR systems are rarely monolithic and uniformly applied. Rather, configurations of HR strategies, employment modes, and organizational subcultures influence the type and effectiveness of HR practices. Future empirical HRM studies need to reflect this reality. Having a set of divisive subcultures or countercultures, for example, could undermine the impact that a well-designed HR strategy may have on organizational change and performance. We believe researchers should also investigate how a firm's multiple subcultures and employment modes enhance a firm's overall ability to adjust and succeed in today's global marketplace. Research is needed that helps us better understand how firms incorporate flexibility into their HR architecture to adapt to changing environments (Lepak and Snell, 1999). Could this be achieved through harnessing the resources of diverse subcultures within organizations?

Essentially, this paper seeks to foster future empirical work that explores the influence of organizational subcultures and changing employment modes on the translation of HR strategies into practice. Ultimately, only through cumulative empirical evidence, based on sound theoretical research, will valid evidence regarding the role of organizational subcultures in facilitating or hindering systematic SHRM initiatives be brought to fruition. We trust that this paper will inspire others to join in the quest to replace statements about the importance of organizational subcultures and changing employment modes with more formal frameworks and empirical evidence. As Purcell (1999) notes, progress in SHRM theories will only be made when the rationality of the resource view is combined with the subjectivity of behavioral theories.

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