

## Universalistic Theory

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Universalistic theory argues that certain human resource practices have a direct and positive impact on organisational performance, irrespective of the context in question. For HRM researchers and practitioners, this logic has intuitive appeal and helps demonstrate the strategic significance of HRM. Universalistic theory has underpinned significant waves of empirical research which has attempted to statistically demonstrate the direct relationship of HRM to financial performance, productivity and increasingly also employee outcomes. Initially, the universalistic focus was on single HR practices such as pay and staffing, but research has evolved to examine how mutually reinforcing bundles of HRM practices can have a synergistic impact in enhancing performance outcomes. Typical HR practices advocated as part of such a bundle include training and development, participation/ autonomy, incentive compensation, performance evaluation, selection, and job design (Boon, Den Hartog & Lepak, 2019). An exemplar is research by Mark Huselid (1995, p. 644), which concluded that ‘the use of high-performance work practices and good internal fit should lead to positive outcomes for all types of firms’. The various labels attached to HRM are indicative of the universal emphasis; for example, best practice HRM, high-performance work practices/systems (HPWS) and high commitment management.

Universalistic theory has played a huge role in legitimizing the significance of HRM and enabling HR managers to demonstrate bottom-line impact. A steady stream of research has deployed increasingly sophisticated statistical techniques to demonstrate, and later offer greater precision, on the magnitude of the HRM–performance relationship (Combs, Ketchen, Hall, & Liu, 2006). Research has also evolved from a focus on examining the content of HR practices per se, to explaining how the universal impact takes effect, including via mediators such as organizational climate and, increasingly, employee outcomes. Multi-level research brings together both managerial and employee perspectives to offer a more rounded understanding of the impact of HRM. Yet the simplistic and uni-linear logic of universal theory has also been criticized. Notably there is little evidence of widespread adoption or diffusion of prescribed HR practices. More contingency-based arguments point to the inevitable cost considerations of introducing practices, while industry dynamics and the nature of organizational strategy are likely to have a critical role to play in determining what makes effective HRM in a given context. Universalistic arguments are largely founded on certain types of firms (large, private sector) from certain regions (Anglo-Saxon) and so the significance of institutional context is not given due acknowledgement. With respect to methodology, there is still much debate over what practices actually constitute a universal HR bundle, how impact can be captured over time and how, if at all, innovative and ‘next practice’ HR might be conceptually accommodated and empirically explored. The waters universalistic theory advocates to practitioners risk becoming prescriptions for red oceans full of like-minded firms, competing on the same HR terms (Harney & Collings, 2021). Moving beyond this, some have suggested universal logic resides at the level of general principles (e.g., how we treat our staff), whereas contingency explanations then look to context specific operation of HR for this task. Ultimately, the longstanding paradox at the heart of universalistic theory is that while it neatly captures the benefits of HRM this is at the expense of glossing over many organisational realities.

### **Reference list and selected further readings**

- Boon, C., Den Hartog, D. N., & Lepak, D. 2019. A systematic review of Human Resource Management Systems and their Measurement. *Journal of Management*, 45(6), pp. 2498-2537.
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### **Suggested cross-references**

Best practice; Competitive advantage; Context; Contingency theory; Strategic HRM.

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