This book is dedicated to my all students, who showed me that there is great practical value in academic curiosity

Evidence Based HRM

What we know about people in workplaces

Brigitte Kroon

Open Press Tilburg University

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Preface

TWICE in my career, I crossed the divide between human resource management research and practice. After graduation as an IO psychologist in 2004, I worked for ten years as a human resource management professional before I started my career as a researcher and lecturer at Tilburg University. I have seen the gap at both ends. In my first job, I experienced how line managers were struggling with their employees and how executive managers were sensitive to doubtful advice provided by expensive consultants. I started wondering how the things I learned in university about participation, motivation and employee development could be translated into practice more effectively. When I followed my hopes for more analytical depth in my work and found employment at the university, I sometimes found myself wondering why some of the great research performed by colleagues did not find its way to organizational practice. This experience cumulated in a dream to increase the awareness of evidence-based human resource management in as many people as possible: students, managers and scholars. I hope this book will contribute to improved decision-making about people-related issues in organizations.

USING EVIDENCE IN HRM

Without people getting up in the morning and going to their offices and workplaces, opening their laptops, talking to customers, taking care of patients and students, design products, negotiating sales or booking transactions, nothing much will happen in organizations. Universities, government institutions, hospitals, stores, offices and factories all depend on the daily work activities of people who are able to educate, design policies, care, do business or manufacture products. The effectiveness with which people do their work is therefore an important resource for organizations. Human resource management concerns all activities aimed at managing people who work for organizations, to ensure that all their actions align with the goals of the organization, in such a way that it suits the organization's context and by considering employee outcomes. This is a challenging task, because unlike materials, machines, money and buildings, people can think, reflect and act. Individuals will not go to work and spend their valuable time and energy if there were nothing in it for them. They work because they have an understanding with the organization about the reimbursements in return for their contribution. These can take the form of salaries, but also of intangible rewards like a challenging job, friendly colleagues and a healthy balance between work and home activities. Human resource management is the art of balancing the need of organizations for good performance with the interests of employees, such that organizations perform well and individuals are happy to contribute.

This book takes the stand that human resource management is an activity that is performed by everyone in an organization who is confronted with situations that ask for directing people who contribute to the organization. Common human resource questions in the everyday operation of organizations are for example how to make people work together, how to find the best person for the job, how to use rewards to motivate people, how to make sure that knowledge is secured, or how to change organizations to enhance innovation. There is no standard recipe to provide ready answers to such questions, because each situation has different requirements and there is always a choice of solutions. However, not all solutions are equally effective.

Over the years, scientists have published a considerable stock of research evidence on more and less effective human resource management activities. Research indicating effective and less effective interventions is useful because it can provide answers to questions about managing people. Given the importance of people management for organizations, one would expect that managers who look for answers to their people management questions would look into this stock of research evidence. However, the opposite appears to be true – the worlds of human resource management practice and scientific research seem to exist in parallel...

An investigation on the knowledge of HR professionals and managers about research findings on effective human resource management showed that on average 50% of the evidence was agreed upon (Colbert et al., 2005; Rynes et al., 2002). This implies that the evidence of another 50% of findings was believed to be 'false' (while it is true!) and therefore not used in organizations, which potentially costs organizations performance and makes employees unhappy. A bit more use of scientific knowledge on evidence for human resource management practices, can improve the financial performance of organizations as well as employee well-being (Van De Voorde et al., 2012).

However, the science – practitioner gap exists for a reason. Finding the right research evidence can be a tremendous task. So much research is published in so many different journals, that it is difficult to decide where to begin. Moreover, reading research articles is not as easy as an average management book. Research articles are written for an audience of scientists rather than practitioners. Practitioners simply lack the time and energy to keep up with all the research on effective people management. The good news is that practitioners do not need to keep track of all research; if they use a clever strategy to look up research evidence if they have a challenging people-related problem, for which they can do a just-in-time, specific search for research evidence. All they need is an open attitude to research evidence and a method to find it and tailor it to practice.

Evidence-based management proposes a method to bridge the gap between research and practice (Rynes et al., 2014). The method proposes that practitioners consciously phrase a question about a people-related problem they face, and find information about this issue within the organization as well as in research literature before coming up with an intervention to deal with the issue. The method is easy enough to understand. It is a decision-making procedure with a number of clear steps. The crucial step is combining insights from the organization itself with the findings of a research literature search. However, to understand and find relevant research evidence, practitioners need to have some basic understanding of the key human resource management topics, theories and research domains.

That is exactly why this book was written: to provide undergraduate students with an overview of the key theories used by scholars to research employment relationships; so that they can understand key research findings and practice evidence-based human resource management. After reading the book, prospective practitioners (now students) have the intellectual luggage needed to use research evidence for people-related issues in their jobs and organizations.

AIM AND SCOPE OF THE BOOK

The aim of the book is to provide an introduction to the core theories that inform human resource management research, in order to facilitate the understanding of contemporary research evidence for effective human resource management activities. The most important disciplines that inform human resource management research are economics, sociology and psychology (Molloy et al., 2011). The disciplines find their application in different types of research questions.

For example, theories that originate from economics are predominantly employed in questions that involve the relationship between *human resource management and organizational performance*. For instance, does it pay off to invest in people, or is it wiser to reduce employee-related costs to increase profitability? How can organizations reap the benefits of the knowledge of individual workers? In such questions, the focus is on improving the effectiveness of the organization by using the skills, knowledge and motivation of employees. In research in the economics domain, human resource management is a means to an end for organizations to meet their objectives.

The sociological discipline appears when questions touch upon which human resource management activities are acceptable in order to survive as an organization. What is allowed in managing people, considering employment law and regulations? What is acceptable in the eyes of prospective employees, customers, and society? Such questions arise because organizations do not operate in isolation, but are themselves part of larger societal constellations. Organizations are social systems in which different groups of stakeholders (shareholders, managers, manual workers, professionals, customers, government, and politics) hold diverse interests in what the organization contributes to them. These interests do not always align and stakeholders may argue about what the organization should do. Human resource management activities happen amidst these disputes. Consider for example the determination of pay, for which the outcome depends on the negotiating power of individuals, the financial means of the organization, pay levels at employers who compete to hire the same employees, agreements with labor unions and directions following from labor law. Such dynamics between diverse stakeholders in the *organizational context* influence what happens within organizations. To be effective, organizations need to balance their human resource management activities with the context in which they operate.

Finally, the psychological discipline is dominant in all questions involving the consequences of work for employees. What makes work satisfactory? Why do stress and burnout happen? What are the consequences of employee perceptions of their employer for their motivation? Psychological theories provide insight into the *employee's perspective*, by zooming in on conditions for happiness, wealth, health and personal well-being of employees. Here, human resource management is less a means to an end for organizational performance.

Instead, in this discipline, the goal of human resource management is the means itself: the well-being of the employee and not the human resource.

No doubt, all three disciplines and their questions are related to each other. You will see psychological theories about motivation used in economic studies that concentrate on organizational performance. Sociological theories explain why discrimination may happen in organizations, and psychological theories shed light on the detrimental individual consequences of being discriminated against. If you read human resource management research articles, you will notice that a multidisciplinary approach – the use of theories from different disciplines – is very common. Recognizing the disciplines and having a good understanding of the core theories in each discipline is the starting point for becoming an evidence-based practitioner. This book aims to introduce students to these theories.

The selection of core theories in the book resulted from discussions with renowned human resource management scholars about the question: which theories would you like students to know before they participate in your Master's level courses? To reduce the number of candidate theories following from these discussions, the author followed up each suggested theory with a bibliographic search. Only well-researched theories made the selection presented in this textbook. Where possible, the selection was validated against published bibliographic analyses about the most used theories. For example, Kaše et al. (2014) analyzed all research publications about the relationship between human resource management and organizational performance to find out who cites whom. The resulting web with connections between all publications shows that some publications are cited in almost all research. These are the publications containing the core theories in this domain. The description of the core theories in the book explains the origins and key logic of those theories. This book refrains from going in depth about the latest additions to the theory, because understanding the basics and the background of a theory will make it easier to understand how it is used today.

In addition to describing the theories, the book also aims to illustrate the research evidence for the theories and to provide examples of the use of the theory in human resource management in practice. These are presented in separate sections at the end of each chapter, which facilitates a practical use of the book as will be explained below. In the selection of research evidence, the book follows the logic of evidence-based human resource management: show reliable evidence. Research findings are more reliable when these are repeated in multiple studies. The presentation of research evidence therefore relies on publications such as meta-analyses and systematic reviews. Each chapter is concluded with a human resource management practice section providing examples of activities in organizations, insights from theory and research to benefit organizations and the people working in them.

A business case and study questions at the end of each part of the book will help students to understand the theories presented in the chapters as input for their own evidence-based human resource management projects.

OVERVIEW OF THE CHAPTERS

The book chapters are divided into four parts. Part one comprises an introduction to and an example of evidence-based human resource management. Part two dives into the economic domain by looking at the business case for investing in human resource management. What do theories and research tell us about the relationship between human resource management and various aspects of organizational performance? The third part explicates how the context of organizations matters for human resource management. And the central topic of the final part is the employee perspective.

Part I: Evidence-based human resource management

The *Evidence-based human resource management* chapter describes how the dissatisfaction of both scholars and practitioners has led to the rise of methods aimed at bridging the gap between research evidence and organizational practice. It introduces students to the essence of research methods by applying each step of the method to a real-life business case.

Part II: The business case for human resource management

When managers are ‘making a business case’ it means they want to show that investments will lead to improved organizational performance. The business case for human resource management implies that investing in people will enhance organizational performance. But does it really? The three chapters in this part of the book present the theories and research evidence for the relationship between investing in people and various aspects of organizational performance, such as gaining a competitive advantage, achieving sound financial results and effectively responding to change. The first chapter - *Investing in people and business performance* – describes how the view on employees has changed from a cost perspective to a resource perspective. The chapter about *Knowledge management* shows the importance of knowledge for organizational performance and illustrates how knowledge can be developed and used. The final chapter in this part is about *Performance under conditions of change*, and illustrates what managers can do to adjust their organizations to changing demands while ensuring employee performance.

Part III: Human resource management in context

This part positions the organization in its broader context by zooming in on three aspects: the labor market, employment relations and diversity. The chapter entitled *War for talent* shows how shortages on the labor market, especially for higher educated professionals, have forced organizations to fiercely compete for the most talented employees. The chapter on the *Power of workers* describes how terms and conditions for work, such as salaries, result from the divergent interests of employees and employers. Finally, the chapter on *Diversity and inclusion* pays attention to changes in the composition of the labor market and the consequences of an increasingly diverse workforce in terms of age, gender, race, and (dis)ability for human resource management.

Part IV: The employee perspective

This final part places the emphasis on the consequences of human resource management for employees. The chapter entitled *Decent work* focuses on the meaning of employment for individuals for their life and well-being. It touches upon the ethical and employee health-related aspects of human resource management.

HOW TO USE THE BOOK?

The design of the chapters in each part of the book is organized in such a way that it facilitates students to apprehend the theories and to understand how these can be used to conduct evidence-based human resource management.

At the beginning of each chapter you find an overview of the *core theories* in the chapter. These are described in detail in the theory section of the paper. *Key words* in the text (in italics) indicate a theoretical concept and its definition. The use of research evidence depends on a clear understanding of the meaning of concepts. Students are encouraged to take notice of the precise definitions of concepts. It is also wise to take notice of specific *authors* who developed a particular theory. The knowledge of theories in combination with their key concepts, definitions and founding author(s) will prove helpful in finding and translating external research evidence to local organizational issues.

The second part of each chapter provides a synopsis of the *research evidence* for the theories presented in the first half of the chapter. Students are advised to read the chapter on *Evidence-based human resource management* to understand the methodological concepts (meta-analyses, validity, reliability) that are used to explain the value of the research presented. When performing their own project on evidence-based human resource management, students can easily look up relevant meta-analyses already collected to this end.

The third part of each chapter illustrates the relevance of the theory and research evidence for *human resource management practices* in organizations. These are not 'best practices' that should all be implemented in all organizations. Evidence-based human resource management promotes that practitioners weigh the situation in their organization against the available research evidence before implementing an activity or a policy in an organization. Some of the presented practices are common, while others are more peculiar to specific types of organizations. Students are encouraged to translate the research evidence into practice by combining it with information obtained in organizations and adjust the practices such that the chances for results are best. The presentation of human resource practices in each chapter is illustrative rather than comprehensive.

Finally, the *summary* presented at the end of each chapter highlights the core theories, research evidence and practices that were dealt with in the chapter.

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NOTE TO THE SECOND EDITION

I strongly believe in using open access to encourage the use of academic research findings in practice. This second edition is therefore available as a free of cost, interactive download through Tilburg University Open Press. The book is also available as a reasonably priced paperback. The second edition contains some minor textual edits as compared to the first edition. The main improvement is in the ease of use of the interactive online version. For lecturers interested in using the book in courses, there are accompanying course materials such as knowledge clips, presentations, exercises, and exam questions available.

Dr. Brigitte Kroon, 2022

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PART I

EVIDENCE-BASED HRM

Chapter in Brief

How can practitioners learn from organizational problems related to people in the workplace and systematically use the best research evidence in the field of human resource management, in order to develop effective HR policies and practices in their organizations?

KEY THEORIES

Evidence-based management

Decision-making as bounded rationality

EVIDENCE-BASED HRM PROCESS

Understanding a problem

Formulating a question

Local and external evidence

Evaluating evidence: Validity, reliability and generalizability

Generating alternative solutions

Considerations for implementation Evaluation

I

Evidence Based HRM

Many of the problems and challenges that organizations face, involve people in workplaces. The performance, effort, ideas, and collaboration of people in organizations contribute to achieving organizational goals. Work matters for individuals as it provides meaning, satisfaction and income to support their lives and those they care for. Work and organizations contribute to the wealth of communities and the national economy. People who work in organizations can think, act and feel. They are not machines, but they make choices about every aspect of work behavior. The attitudes and behavior of people in workplaces may also cause headaches in organizations: resistance to change, demotivation, a lack of skilled employees, authoritarian supervisors and power politics can hinder productive and happy workplaces. All kinds of people-related issues need attention to keep organizations on track to meet their goals. The continuous change of societies, industries and organizations poses additional challenges to managing people. Managing people in workplaces is never complete, as there will continuously be new challenges and solutions to deal with. Decision processes about large and small interventions to keep organizations socially on track are at the center of this chapter. In particular, it explicates a process that leads to *effective*, evidence-based decisions about HR activities to solve and direct people-related issues in organizations.

The topic of interest for evidence-based HR activities is the *employment relationship*. This is an exchange relationship between an employee and an organization in which employees provide labor and employers reward employees for their contribution. Employment relations commence after a negotiated exchange between employees and employers that involves an employment contract as well as a less clearly defined social relational agreement. The nature of the exchange is influenced by the *context* of employment relations, which consists of organizational goals, peer and team processes, labor market dynamics, global competition, legislation, power relations, and a society's culture, politics and wealth (Johns, 2006). These all influence employment relations in an ongoing dynamic interaction, which can become quite complex to manage. *Human resource management* is the sum of all strategy, policy, procedures and day-to-day acts that together aim to guide employment relations in organizations towards the goals of organizations, while ensuring alignment with various contextual conditions such as organization characteristics, industry dynamics, competition, labor markets, legal and institutional settings, and societal dynamics (Jackson et al., 2014). Zooming in, human resource management is made up of distinct human resource practices. *Human resource (HR) practices* are all the policies and procedures *used* for managing employment relations. The emphasis of the word 'use' accentuates that an HR practice is more than a written policy – it is what people in workplaces experience. HR practices are not the sole domain of the human resource management department. Managers, teams, project leaders and employees themselves all initiate, use and change HR practices. They can all be decision-makers in the choice to use an HR practice. All of these users will benefit from knowledge about effective HR practices for people in workplaces.

There is a large number of distinct HR practices with different purposes. Figure 1 gives an overview of HR practices along three stages of the employment relationship: entry, work and transition. In the entry phase, people develop from being an outsider to a member of an organization. After engaging in the employment relation, a period of productive work commences. Finally, at some point, the employment relationship may change or end, due to transitions in organizations, careers or life stages. HR practices usually serve to realize more specific outcomes compared to the entire human resource management system. Performance issues, diversity, labor shortages, organizational change and innovation are just some of the more specific domains that can strategically improve with targeted HR practices, as will be illustrated in the next chapters. For each outcome, there is a choice of HR practices that can all have some effect. The question is which practice to choose.

Consider, for example, recruitment, the domain of HR practices aimed at creating a pool of qualified applicants from which an organization can select their employees. Recruitment involves choices about who to recruit, where to recruit and how to recruit (Breaugh, 2013). Does the organization aim to recruit graduates or experienced professionals? At which educational levels? Locally, nationally, or globally? Via word-of-mouth, campus tours, or by using internet analytics? These are just a few examples of choices that should lead to finding qualified candidates who want to work in the organization. Factors like characteristics of the job, job requirements, budgets, norms and expectations of recruits about professions and organizations all influence and constrain choices about recruitment practices. The more decision-makers understand the recruitment aims, the means and characteristics of the organization and its context, and the effectiveness of various recruitment tools, the better these choices will be, thus resulting in a recruitment approach that will bring a good quality pool of applicants.

Of course, recruitment is just one example, and similar questions can be asked in the choice of any HR practice displayed in Figure 1. Choice, however, is not always the outcome of a rational decision-making process. Rational decision-making means considering all information and weighing it according to some criteria before taking a decision. Due to the involvement of different actors who sometimes have conflicting interest in the HR practice, power and organizational politics, and simply because it is impossible to have all the information to make a good decision, the choice for HR practices is one of bounded rationality; an effort to the best decision given an imperfect understanding of reality (Sahakian, 2020).

Bounded rationality is a fact, but there are strategies to add more rationality to decision-making. Unfortunately, decision-makers often neglect these strategies or are just not aware of them. In the rush of day-to-day business, decision-makers often solve problems in a haphazard way. Imagine that some superior raises a people-related problem (We have serious budget problems! Our talented staff are leaving! Our competition is innovating, and we are losing our customers!), and calls for immediate action. The superior may immediately suggest an intervention to quickly solve the problem. However, such quick-fix decisions are likely to produce HR practices based on personal experience, outdated management theories and management fads, for which it is not evident that they are really effective in solving the problem (Briner, 2007). Although the benefit of a quick solution is that it shows that someone is willing to take immediate action, there are also severe risks to the use of quick fixes.

The risks begin the moment a problem is noticed. The first step, exploring the problem and seeing what is truly the matter, is ignored in the rush to solve the problem. The risk of skipping this step, is that the choice of HR practices may not really tackle the underlying issue. Instead of solving a problem, quick fixes often lead to new problems that need a new quick fix and so on. To prevent quick fixes and be able to suggest more sustainable interventions, decision-makers should ask questions like 'What is the underlying problem?', 'What are the affected outcomes?' or 'Which data was used to inform us about the size of the issue?' Such questions will lead to knowledge that is needed to compare alternative solutions. Hence, quick-fixes are risky decisions that can do as much harm as doing nothing at all (Briner & Walshe, 2014). Even worse, in the rush of solving the next issue, a quick fix is seldom evaluated for its benefits, thus increasing the risk that the same faulty solution will be recycled a next time.

This book advocates the practice of evidence-based HRM as a method to support decision-making for effective HR practices by taking a better look at the problem and its causes and by taking the context of a problem and the actors involved in it into account. It is a decision-making process that starts with identifying a problem and making an effort to understand the problem and its underlying causes in the work context. Then it entails finding evidence about effective HR practices for such questions from theory, research and experts. By combining these sources of knowledge, an HR practice can be chosen and tailored to ensure that the problem is fixed in a viable manner. Evidence-based HRM proposes a method to take decisions in a more rational way, while simultaneously recognizing the importance of accounting for power and politics in organizations.

The structure of the remainder of the chapter is as follows. First, the background of evidence-based HRM theory is explained, followed by an explanation of all elements of an evidence-based HRM decision-making process. The process is illustrated by a hands-on example concerning the development of HR practices to ensure equal pay for equal work in a public government organization.

• THEORY •

THE ORIGINS OF EVIDENCE-BASED MANAGEMENT

Evidence-based management advocates that practitioners do some research into the nature of a problem, gather information from different sources within the organization and from experts and research sources before they suggest an intervention (Barends et al., 2014). This call for using insights from scientific evidence by practitioners in organizational practice is not new. For decades, scientists have been blaming practitioners for ‘not using research insights in practice’ (Rynes et al., 2002) and, in reply, practitioners blame academics for ‘producing tons of research findings that are too hard to find and too far away from the daily needs of practitioners anyway’ (Jeffrey & Sutton, 2006).

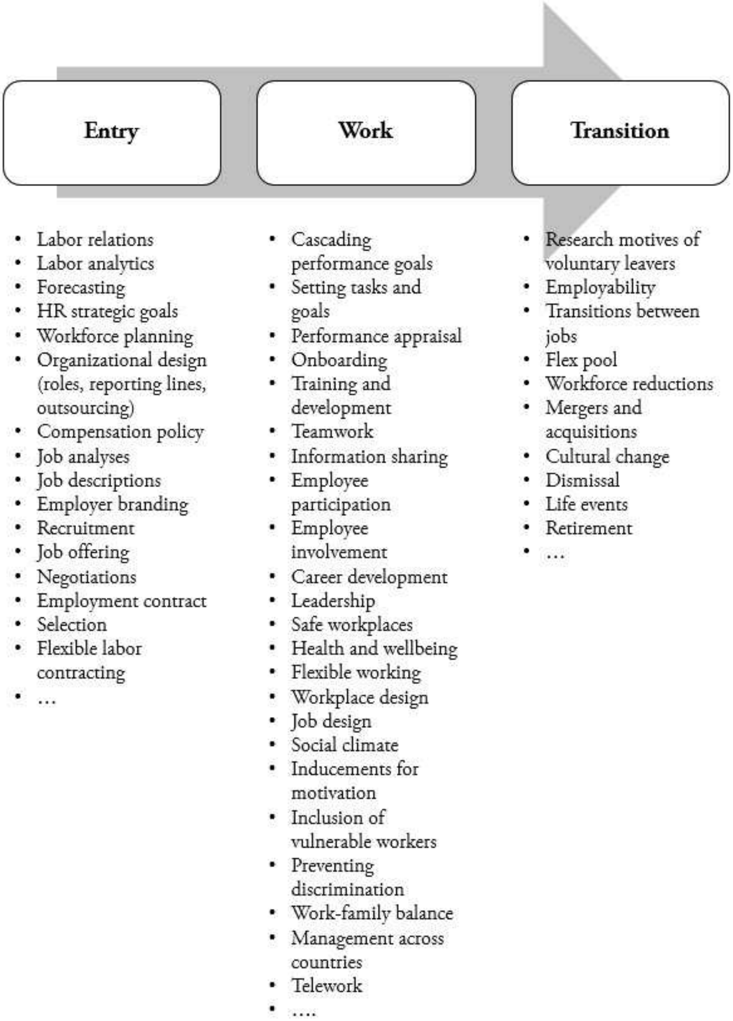

Entry
Work
Transition
Labor relations
Labor analytics
Forecasting
HR strategic goals
Workforce planning
Organizational design (roles, reporting lines, outsourcing)
Compensation policy
Job analyses
Job descriptions
Employer branding
Recruitment
Job offering
Negotiations
Employment contract
Selection
Flexible labor contracting
…
Cascading performance goals
Setting tasks and goals
Performance appraisal
Onboarding
Training and development
Teamwork
Information sharing
Employee participation
Employee involvement
Career development
Leadership
Safe workplaces
Health and wellbeing
Flexible working
Workplace design
Job design
Social climate
Inducements for motivation
Inclusion of vulnerable workers
Preventing discrimination
Work-family balance
Management across countries
Telework
….
Research motives of voluntary leavers
Employability
Transitions between jobs
Flex pool
Workforce reductions
Mergers and acquisitions
Cultural change
Dismissal
Life events
Retirement
…

FIGURE 1.1 Scoping HR practices on employment relationship phases

Blaming each other does not solve the dispute, and therefore the emphasis shifted towards strategies to close the gap between practice and research.

One strategy is that researchers make more of an effort to explicate the practical implications of their findings and to make these available for practitioners. Most scientific journals nowadays ask researchers to do so. Many research articles have a dedicated paragraph or box called 'practical implications' for practitioners. Another beneficial development is 'open science', which makes research publications easier to access for people outside academia. The past years have witnessed a tremendous increase in open access publications. In principle, research findings are available as a source of knowledge to make better decisions.

Another strategy to bridge the science-practitioner gap is co-creation. A scientific study in which practitioners are closely involved in the design and execution of the research in their work contexts leads to learning on both sides. Practitioners learn about the value of research findings, and researchers learn about the scope of practical implications (Rynes & Bartunek, 2017). This situation is still exceptional, and usually practitioners will need to find their way to scientific evidence on their own initiative. This may be challenging because there is an abundance of information that tends to be very technical and difficult to read, even despite all the initiatives to open up science for practice.

Evidence-based management developed because of the persistence of the research-practice gap. It took the debate one step further by actively helping practitioners find and use scientific evidence. Before explaining how evidence-based management can serve in this regard, its origins will be explained first. The roots of evidence-based management lie in the development of evidence-based medicine, which began a few decades earlier. The need for evidence-based medicine was called for by both patients and medical professionals. Patients expect that their medical staff always apply the most recent research findings to treat their illness. However, medical staff lacks the time to continuously keep up with all research findings. Even if doctors and nurses would find time to look for the latest research evidence on treatments, chances are that they become overwhelmed by the amount of insights produced by researchers. There is so much research evidence that it is difficult to find the right information for every question. Relying on a 'quick-fix', e.g. a treatment that worked ten years ago, is tempting. Luckily, physicians have sworn a medical oath in which they promised to keep their medical knowledge up to date. The connection between science and practice in medicine has always been strong, which explains why the concern about finding and using evidence is prominent here.

In the 90s, the Cochrane Institute developed a systematic approach for comparing research findings. The institute produces overviews of research evidence in an accessible way, so that medical staff can easily find the evidence of the most effective treatments for all kinds of health issues. Today, medical staff use the Cochrane library to gain easier and faster access to the best scientific evidence for treatments. In this way, the faith of patients in that their physicians use the most effective treatments to cure patients remains justified.

The use of research evidence by managers to inform management decisions is much less common than it is for medical staff. Nonetheless, applying research findings to organizations could lead to better 'cures' as well. However, comparable to the situation of medical staff, managers' time is limited and often managers do not know where to look for the right advice needed in particular situations. Therefore, similar to the Cochrane Institute the 'Center for Evidence-based Management' was founded in 2010 to make management decisions more evidence-based (Center for Evidence-Based Management, 2010).

Although the mission of both institutes concerns the access and dissemination of research evidence to practitioners, to date the awareness and use of the Cochrane library amongst medical professionals is much wider than the awareness and use among managers of research evidence collected and disseminated by the 'Center for Evidence-based Management'. One cause could be that unlike medical staff, managers have not taken an 'oath' to practice up-to date knowledge. Therefore, it may happen that managers rely on knowledge they obtained at college in the 1980s, and never seriously updated it afterwards. Nevertheless, since the field of evidence-based management is newer, it may just take a bit more time before practicing evidence-based management becomes part of the professional management culture. Training students and practitioners in evidence-based management principles and processes is a first step (Rynes et al., 2014).

Evidence-based HRM is a specification of evidence-based management principles to the domain of employment relationships. It is a conscientious, explicit, and judicious decision-making process to address important people-related issues in organizations by combining the best available research evidence with measurable data and professional knowledge available in organizations (Rousseau, 2006; Sackett et al., 1996). Core elements in this definition of EBHRM are, based on Briner et al. (2009, p. 19):

1. It is about decision-making by practitioners who consciously apply their expertise and judgment;
2. they use evidence from the local context to which the decision applies;
3. they critically evaluate the best available external research evidence;
4. and they take perspectives of people who might be affected by the decision into account.

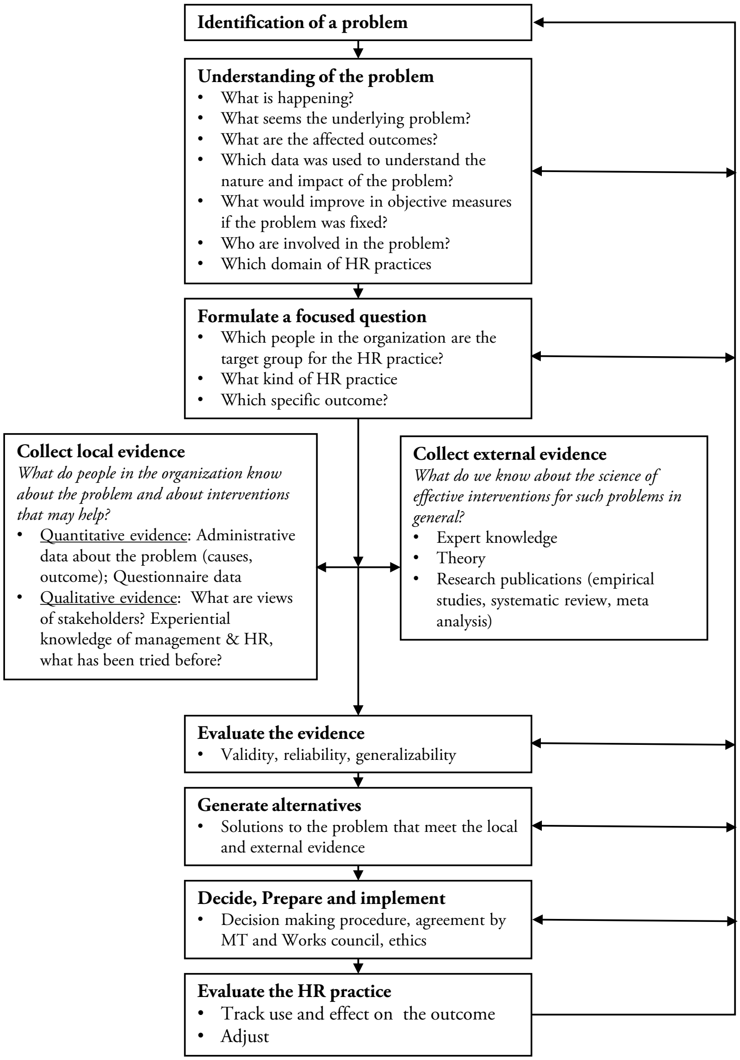
This means that evidence-based HRM is not about 'applying best practice'. Best practice assumes that there is one best way of doing HR in all organizations (Delery & Doty, 1996). However, where equally effective HR practices are available to solve a problem, practitioners may evaluate the use of each alternative in light of means and requirements of the organization in question. For example, paying high rewards to motivate employees is not affordable for small business owners. However, the short communication lines in smaller organizations provide many other advantages to easily build a culture of trust and involvement that also motivates employees (Drummond & Stone, 2007). Hence, specific organizational characteristics (financial means, organization structure, the type of work) should lead to the selection of specific practices. It is also not about 'benchmarking', which essentially holds that practices are compared between organizations. Benchmarking leads to copying HR practices from successful competitors, without much consideration for the precise needs of the organization (Paauwe & Boselie, 2005). In practicing evidence-based HRM, practitioners evaluate a variety of options to solve specific problems in a specific context by taking research evidence and the organizational context into account.

Figure 2 visualizes the steps in an evidence-based HRM decision-making process. The following sections will explain decision-making theory and subsequently elaborate on the steps in the model in more detail.

DECISION-MAKING AS BOUNDED RATIONALITY

Decision-making theories consider the process of actions that lead decision-makers to take a decision. In this book, the interest concerns strategic decision-making. Strategic decisions involve using resources (time, people, money) and are supposed to lead to some substantial outcome that matters for (a part of) the organization (Eisenhardt & Zbaracki, 1992). In human resource management decisions, substantial outcomes can range from pure business results (profit, innovation, strategic change) to ensure that a business adapts to its environment (labor markets, employment relations, society) or to improve the work and lives of employees. The structure of the next chapters in the book follows these substantial outcomes, starting with the business case for HRM, followed by demands imposed on HRM by the organizational context, and finally the employee perspective on HRM.

Depending on the school of thought, there are different views on decision-making processes. The first is *rational decision-making* theory. Rational means



Identification of a problem

Understanding of the problem
- What is happening?
- What seems the underlying problem?
- What are the affected outcomes?
- Which data was used to understand the nature and impact of the problem?
- What would improve in objective measures if the problem was fixed?
- Who are involved in the problem?
- Which domain of HR practices

Formulate a focused question
- Which people in the organization are the target group for the HR practice?
- What kind of HR practice
- Which specific outcome?

Collect local evidence
What do people in the organization know about the problem and about interventions that may help?
- Quantitative evidence: Administrative data about the problem (causes, outcome); Questionnaire data
- Qualitative evidence: What are views of stakeholders? Experiential knowledge of management & HR, what has been tried before?

Collect external evidence
What do we know about the science of effective interventions for such problems in general?
- Expert knowledge
- Theory
- Research publications (empirical studies, systematic review, meta analysis)

Evaluate the evidence
- Validity, reliability, generalizability

Generate alternatives
- Solutions to the problem that meet the local and external evidence

Decide, Prepare and implement
- Decision making procedure, agreement by MT and Works council, ethics

Evaluate the HR practice
- Track use and effect on the outcome
- Adjust

FIGURE 1.2 The evidence-based HRM decision-making process

that decision makers who engage in a decision-making process first have an idea about what they want to achieve with the decision and then use some methodology to gather appropriate information and weigh various alternatives before deciding on the best solution. In figure 2, the top-down steps from defining a problem to implementing a solution illustrate a rational decision-making process. Rational decision-making is likely to improve the quality of decisions.

The problem with rational decision-making is that people are not machines. With their limited knowledge and their preset cognitive processes, people are not able to process information neutrally, nor do they have the capacity to know everything. The extent to which people are able to take rational decisions is limited by their cognitive processes, including their understanding of the problem, their preferences and blind spots, and by their social context, including access to knowledge in others and their own position in organizational power, politics and conflicts (Eisenhardt & Zbaracki, 1992). Early management scientists already doubted the capacity for rational decision-making in organizations. In 1947, Herbert Simon therefore introduced the concept of *bounded rationality* (Cristofaro, 2017). According to bounded rationality theory, individuals are able to take rational decisions within the limits of their preferences, their social position and their understanding of the problem and the alternative solutions. Opposite to rationality is irrationality. Bounded rationality suggests that it is possible to take the best decision given an imperfect understanding of reality. Strategies for improving decisions under bounded rationality focus on explicating the decision-making process in a number of specified steps.

Evidence-based management proposes a strategy to improve the decision-making process because it proposes a sequence of diagnosing, understanding and gathering alternatives before jumping to a solution. It seems a sensible approach to human resource management to improve decisions about poli-