IN SEARCH OF HUMAN RESOURCES MANAGEMENT POLICIES AND PRACTICES IN NETWORK ORGANIZATIONS

Summary

The purpose of this study is to determine configuration of policies and practices of HRM that are unique for specific types of network organizations. This paper is aimed at developing bases to support HRM complying with the requirements of interorganizational cooperation nature. In this respect, it was helpful to search for an answer to the question: What should be the guidelines orienting the HRM actions in network organizations? The discussion concerning guidelines in the area of HRM within network was held basing on the assumption that the choices made by an organization, including identified HRM contradictions, will depend on both the nature of relation and the method of arrangement. The result of the aforesaid discussion is a list of guidelines on developing the most favorable HRM policies and practices considering the two above-mentioned dimensions that constitute the essential characteristics of separate types of network organizations. The list comprised in this paper is by definition neither comprehensive nor exhaustive, it represents only a set of key strategic guidelines serving the purpose of developing specific solutions in the area of HRM within a determined type of network organization.

1. Introduction

In the era of global competition and knowledge-based economy, effective and efficient management of one of the most precious strategic resources organizations have, namely people, is becoming the crucial challenge for contemporary practitioners, scientists and theoreticians alike. The significance of people and human resources management (HRM) is a hot issue, considered vital from theoretical and practical point of view [18]. Therefore this article focuses on HRM issues in network organizations. The appearance of networks

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and inter-organizational cooperation in contemporary economy has become one of the fundamental tendencies of its development. It is often emphasized that inter-organizational relations play a key role in contemporary business [9].

Taking the above into consideration, the aim of this paper is to determine the configuration of HRM policies and practices typical of particular types of network organizations. The article aims at developing foundations on which we could base the HRM reflecting the requirements of the essence of inter-organizational cooperation. It would be helpful in this respect to define the outlines determining HRM activities in network organizations. Thanks to conducted studies and analysis of specialist literature, it was possible to achieve the aim set in this article.

2. Policies and practices in functional fields of HRM – dialectical presentation

It is currently emphasized that competitive edge over other companies is achieved thanks to people [5]. According to the resource-based view (RBV), company resources, especially those rare, unique and impossible to imitate, mostly stimulate the effectiveness of an organization [3]. The quality of these resources makes them irreplaceable, which allows the organization owning them to develop a competitive advantage, especially in markets where obtaining them is extremely difficult if not impossible. These resources include resources based on human factor, vital for increasing the effectiveness of an organization.

In this perspective, HRM may be treated as a coherent approach to managing the most valuable assets of an organization – people who work for it. It is sometimes defined as a term especially related to activities contributing to attracting, developing, motivating and retaining highly productive staff, which results in the success of an organization [28]. “Attracting” is an English term which does not have its equivalent in Polish. It is usually identified with the processes of recruitment and selection, aiming at identifying and attracting candidates and choosing the best ones [1][27][25]. Motivating may be defined as an activity aiming at causing dynamic, internal state encouraging to acting or evoking changes [30]. Other activities identified with staff development are usually understood as creating overall conditions in which staff could develop their knowledge, skills, competencies and in which their behavior and attitude could be shaped [21]. Retaining may be defined as an activity encouraging staff to stay with the organization [29].

This paper assumes that HRM policies and practices will be perceived through dialectical presentation, that is in categories of strategic contradictions. This is important as in the last two decades a number of scientists have adopted a dialectical perception of the organization, strategy and management [26][22][4]
They isolated the dialectical approach from the traditional one. The starting point for the analysis of dialectics were strategic tensions existing in the organization. From the perspective of strategic management, an organizational challenge is to find the best way to deal with these strategic tensions, identified as strategic contradictions. In the science of management, contradiction usually refers to the processes taking place in reality and confirming the co-existence and clash of contradictory tendencies and forces in objects or processes. It covers relations between phenomena whose co-existence and mutual conditioning makes them counteract to each other. We similarly understand the set of contradictions constituting particular paradoxes of management – these are clashes of tendencies existing in strategies.

In this article we assume that HRM policies and practices (perceived through the prism of contradiction) provide some useful hints for managing people in an organization and formulate the basic assumptions determining thinking and acting while taking decisions in the area of effective functioning of an organization. The willingness to introduce some order in the HRM issue called for their initial conceptualization. It was useful to develop a list of opposites concerning the whole HRM, covering the following variables: (1) centralization – decentralization, (2) quantity - quality, (3) top-bottom – bottom-top direction, (4) flexible – permanent solutions, (5) short – long time perspective, (6) unification - fragmentation, (7) internal – external context, (8) periodical – incidental nature, (9) effects - behaviors, (10) participation - arbitrariness, (11) routine – creative behavior. All the identified opposites are deeply rooted in theoretical work and empirical research, which confirmed their existence. Therefore it seems possible to use the above contradictions to create a more precise characteristics of HRM in network organizations.

3. The nature of relations and their ordering as parameters of network organizations

Effective management of modern organizations consists in incorporating organizational skills and competencies into the process of creating and using opportunities existing in the environment. This process assumes interrelation between an organization and its environment. Such situation makes it necessary to analyze the way in which particular types of organization function in relation with their surroundings or environment or in relation to other business actors existing in their environment. Therefore, the foundation of our analysis of matching policies and practices in functional fields of HRM to particular types

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1 These contradictions are the area of research of the Department of HRM. For example, the contradictions of the remuneration policy were identified on the basis of many articles and then empirically verified by Magdalena Majowska in her Ph.D. thesis paper.
of network organizations is the assumption that the boundaries between the environment and the organization are blurred.

One of the key management challenges facing most organization in the 21st century is not only taking into account but also creating mutual inter-organizational relations in form of creating or shaping network structures [17]. Specialist literature calls these inter-organizational relations or interdependencies clusters, constellations, virtual corporations or networks [11]. All these terms are usually characterized by the co-existence of a particular combination or composition of complicated, various interdependencies and relations between organizations or institutions [19]. These interrelations (in case of networks) may be created and managed by a definite number of organizations or institutions (accounting for several elements of network), differing in type of ownership, size, branch, general strategy or business strategy, life cycle, growth dynamics or management structure. Usually these types of relations and interdependencies are created step by step, that is gradually and systematically, and to initiate them it is not necessary for the organization to be fully structurally shaped.

The notion of network is so wide that network organizations practically cover all structural forms and permeate all types of organizations. Simultaneously, taking into account characteristic features of network organizations, it is essential – from the perspective of their operations in changing and unpredictable markets and dramatically growing competition – that this type of organization is playing an increasingly dominant role. This is because network organizations on one hand allow technological mastering of a particular sector of activities and promoting modern technological standards, and on the other hand they contribute to achievement of better effects of economies of scale in production and experience. All these solutions promoted by them result in appearance of larger and more effective connections between various sectors, which have not been related nor have influenced each other before.

Taking the above into consideration, a network organization, as one of modern forms of organization, may be presented as a particular way of organizing mutual interactions and relations between particular subjects, organizations or elements of an organization. Taking into account its attributes as an organization, in which connections between particular elements may take up various forms, a network may constitute an attempt at questioning both the hierarchy and the power, as a way of regulating events, as task specialization, as a way of allocating responsibility between particular subjects. Therefore the issues of centralization and decentralization, treated as a foundation of designing an organization, may constitute a certain area of scientific interest.

The diversity prevailing in network organizations is reflected in various emphasis on normative interactions between participants of this network.
These interactions force a different approach to HRM practices. Some HRM researchers and theoreticians believe that it is possible to “capture” this multitude of actions and their multi-faceted nature. A vital role in this integration process is played by the corporate “center”, whose strategic attitude and way of thinking is identified with the management method by the company authorities. In this case this is the orientation towards emphasizing the role and significance of the “center” responsible for formulating and realization of tasks on the highest, central level. “The center also aims at implementing developed solutions in other, dependent (not only hierarchically) levels or areas. On the other hand, as some scientists point out [16], in case of multi-centered network organizations, the concept of the existence of a central core and its role in interactions between network participants may be verified.

As we can see from the above fragment, network organizations may be organized in a centric or pluralistic form. The term “centric” appears in a broad perspective (meaning – located near the center or directed towards the center), as well as in such terms as ethnocentric, polycentric, regiocentric or geocentric. With reference to the organization, the term “centric orientations” is also used in the area of strategic international HRM [24]. It covers then a dominant logic of top management, reflected in the strategy of the company, and visible in managing people in various branches and units of international corporations. The complementary term “pluralistic” appears with reference to a specific orientation of strategic global HRM in network organizations. In this perspective, pluralism reflects the issue of diversity of network elements, which are legitimized in a corporation. Both forms of organizational order seem essential in analyzing HRM practices in network organizations.

Centric networks differ from pluralistic ones. In centric networks whatever happens in subordinated units must gain acceptance of the center, which increases the significance of the processes of legitimization taking place in the network. In this perspective HRM policies and practices may for example be a decision area overtaken by the center. In pluralistic networks, on the other hand, subordinated units act at their own discretion and according to their will. In this case, the center also plays some important role, which is provision of authorization for introduced solutions. They are evaluated from the perspective of generated effects or results and from the perspective of a particular level and execution of duties imposed by the center. In this situation, the center does not control the spreading of knowledge between its subordinate units.

In pluralistic network one of the most essential issues is to what degree or extent the second line units (being in relation of subordination) realize the arrangements valid for the whole network/organization. The center in this situation should force a certain “mindset” on all network participants. Thanks to this it can influence the freedom to decide of other participants (line and local
managers in an organization). In this case, it is the center that guarantees the competitive edge, not on the basis of one-institution logic of the community, but on the basis of the knowledge possessed by local structures. The center develops and makes dynamic the competencies of subordinate units – it decentralizes the logic of competencies. The center is not omnipotent, but rather emerges as an effect of activities and mutual relations between subordinate units. It does not offer any “golden way of acting”, but is an undisputable supporter in achieving competitive edge and securing resources.

Apart from the way network organizations are ordered in a centric and pluralistic forms, the nature of relations between network participants is becoming important. Acquiring most global sectors and industries, networks show a high level of complexity and diversity as well as changeable architecture and structure. This changeability is visible in the strength and composition of ties between network participants [20]. The changing conditions of operations affect the process of creating and shaping networks, while the balance is not always disrupted and restored cyclically [13]. This instability is also reflected in particular characteristics of a network paying attention to the nature of connections between network participants, visible in their constant changes – the network “is becoming”, it never exists at any moment as a stable formula. In this perspective the essence of the network organizational structure based on primal role of relationships between its elements is creation of any voluntary and each time different configurations. In other words, a particular network structure is not the only optimal combination of its elements but the constitution of possibilities of instant changes in ways of organizing or making combinations of elements.

Analyzing the network organization, we must assume the dynamic nature of the analyzed phenomenon, which changes not only with the context in which it appears, but is also subject to time influence. This is so because the notion of creating or emerging refers to the appearance of novelties and coherent structures, formulas and features in the process of self-organization of the system. The appearing constructions are unpredictable and cannot be deduced from the components of lower levels of the system. Therefore we can say that a network organization emerges from the intellectual activity more than it is imposed through material or financial flows. The relations between network participants may be emerging or may be already fixed. Specific features of a particular set of network organizations are largely determined by the position of an external observer or an internal participant of the organization or the network. That is why some people claim that a network organization (or an organizational network) is identified with a relatively stable group of autonomous, independent units or organizations, which participate in a system of mutual interactions and cooperation, using the commonly accepted rules of the market [2].
If we want to match specific policies and practices in the functional areas of HRM to particular types of network organizations, we should pay attention to the typology presented here. It is based on two dimensions characterized above: (1) the nature of relations and (2) the way of arrangement. These dimensions correspond to the assumptions concerning the blurred boundaries between the environment and the organization. The intersection of these two dimensions forms a four-field matrix providing detailed information on essential elements for designing and implementing HRM practices in a particular type of a network organization (Figure 1). Each type of a network organization needs configuration of proper settings and provision of appropriate argumentation and justification for proposed configuration of HRM policies and practices. For this purpose we used a developed list of contradictions. The priority here is to “marry contradictions”, which will allow us to perceive new opportunities and to take advantage of unexpected events, and on the other hand, to use the available resources, increase productivity, lower costs and focus on creating value in a short period of time.

**Table 1. Matrix of network organization types**

<table>
<thead>
<tr>
<th>Nature of relations</th>
<th>Arrangement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent/consolidated structures</td>
<td>Centric - permanent</td>
</tr>
<tr>
<td>Emerging structures</td>
<td>Centric - changeable</td>
</tr>
</tbody>
</table>

Source: own elaboration.

Summing up, we have the following types of networks: (1) centric/permanent – these are network structures in which power belongs to one center for a longer period of time; (2) centric/changeable – these are network structures in which power shifts from one center to another in particular issues (for example tasks), (3) pluralistic/permanent – these are network structures in which relations are similar in a longer period of time, but no particular unit ever dominates, (4) pluralistic/changeable – these are chaotic networks, arranged for a short period of time, which do not have any specific centers (there is no dominance of one unit), but there are only particular concentrations of interests.
4. Configuration of HRM policies and practices in network organizations

Centric/permanent structures reflect hierarchical relations; power is held by one center in a longer period of time. These are rather networks of dominated partners, in which the relations of a dominant corporation prevail [8]. The existing center is responsible for all initiatives taken up in the network, aiming at attracting, developing, motivating and retaining the best or highly effective individuals. Of key importance here is the degree of centralization of taken decisions. It is necessary to determine to what extent the design solutions concerning: planning employment in the network, recruitment and selection – that is acquiring new partners in the network, motivating and rewarding network participants together with the evaluation of their development potential and work effectiveness, improvement and development of particular units functioning within the network, should be uniform or varied. In case of centric structures, the authority to shape particular activities in the area of HRM is closely regulated and controlled by the dominant center and it is attributed to centralization of decisions on one particular level. This is the orientation based on seniority and responsibility, in which the position of network participants depends on the scope of their responsibility according to the size of controlled resources. In this situation, shaping or designing particular HRM policies or practices is in the hands of the unit dominating the network structure. The unit is perceived as the “creator” of particular solutions, as most initiatives come from it. The actions and solutions imposed or initiated by it naturally stem from the aims and intentions of this dominant unit, confirming its power and authority within the network. It assumes a formalized shape then, its advantages being coherence, lack of ambiguity and better understanding by network participants. The designed solutions should meet the requirements of internal coherence and attractiveness and simultaneously be durable and stable. Shaping their own internal structure gives the network participants a feeling of being fairly treated and affects their motivation to work and to get involved. What matters for such network organizations is not willingness to participate in the network, but the effects and results generated in a particular structure. These decisions are connected with establishing measures of effectiveness (mostly quantitative ones) reflecting either aggregated or individual effects. This situation calls for cyclical verifications conducted in regular periods of time. Therefore the requirements towards network participants are clearly specified, tested solutions are valued as they guarantee achievement of expected results and they are quite conservative and certain.
In case of centric/changeable networks, power shifts from one center to another in particular issues. The center at a particular moment is a unit which possesses key or outstanding competencies, vital for the functioning of the network. It then plays the role of a coordinator and/or organizer of activities in a particular area of HRM. It is also responsible for the flow of human resources and tangible and intangible assets between network participants. The relationships reflect hierarchical interdependencies (which cause top-down direction), in which power is held by one center. This is not a permanent relation though, as if necessary, this function is passed on to another unit. Moreover, the analyzed decision center, being located in various places in the network, may take on different forms. It may be an organization or a specially designed network team, consisting of people delegated by particular partners. The composition of this team may also be subject to changes and modifications. As a result, in this type of inter-organizational networks, there is flexibility within a particular system, however, without any unnecessary organizational disturbances the system may be re-configured in a short period of time. The shift of power and authority from one center to another in particular issues to some extent encourages creativity, learning and experimenting, and also enables flexible use of possessed resources and competencies of various entities composing the network. The shaping of policies and practices in the area of HRM results from the activities of units which are higher in the organizational hierarchy. The policy is “suggested” to particular network participants through concrete actions taken at a particular time by the decision center. In this way it is implied which solutions are desirable from the point of view of the dominant center and which should not be considered in future actions. They become at particular time a set of guidelines for making further decisions. On the other hand, the pressure of the surroundings may also be seen as the source of creating particular solutions. In other words, HRM policies may be imposed from outside, by certain pressure groups. Usually, these areas are characterized by some degree of formalization of solutions. Particular network structures may emerge and shape freely, being more flexible and increasing the significance of relations and ties between particular units. Relations, together with behaviors, may become values for themselves, pushing aside such attributes of effective acting as generated effects or achieved results. They do not become less valuable, but they only remain less entangled in cause and effect dependencies with existing relations. Then, special attention is paid to the quality of these relations, reflected in particular behaviors of network participants.

Pluralistic/permanent structures are the ones in which the existing relations are similar in a long period of time, but no unit dominates over others. This situation is attributed to the fact that on one hand, network structures must achieve the state of coherence and harmony in basic areas, on the other hand, though, they
require a certain degree of decentralization and differentiation. Therefore we can talk here of networks of equal partners with similar bargaining power. There are more centers of responsibility which allocate tasks and actions. As a result, the partnership here is of long-term type. The choice of several centers does not limit the autonomy of any network participant, as each of them has equal possibilities to take up actions in particular areas. Due to this the responsibility for designing solutions in HRM is decentralized through delegating most responsibilities and power to the level of a particular unit. This situation may be caused by diversity of organizational and legal forms and mutual ownership systems of network participants. Of course, striving at elimination of hierarchical relations does not mean that there is no leadership in a particular network structure. Leadership exists though it takes on slightly different forms. Decisions concerning resources are made not only integrally by particular units, but also collectively, which accounts for specific participation in management [23]. The share of particular network participants in decision making is related to the possibility of exerting influence on the shape of HRM policy in the network. This assumption may intensify their involvement and translate into better functioning. However, due to diversity of units functioning within the network, the choice of HRM policies and practices is quite wide. They can be differentiated for various groups of partners, covering most network participants (then they are called universal) or only selected groups (then they are selective). The atomization of solutions tailored to different needs and expectations of particular units strengthens individualization of relations prevailing in the network. The starting point for designing actions concerning the analyzed area is determination of objectives that a particular unit wants to achieve and taking into account its needs and expectations. As these objectives are rarely changed or modified, it is very likely that designed solutions will not be subject to frequent changes. The foundation for designing specific HRM policies and practices could be current or periodical evaluations of effects, conducted in regular periods of time, concentrating on the evaluation of results (measurable results, usually in quantitative form). No matter how we create specific HRM policies and practices, they are not always clearly formulated within the network. In this case, HRM policies take the shape of permanent general management philosophy or a specific approach to making decisions within the network structures. They are not formalized then, but only implied.

On the other hand, pluralistic/changeable networks can be identified with chaotic networks, organized and orderly in a short period of time, in which there are no centers nor there is dominance of one unit, but there are only particular concentrations of interests. In this case we can talk of the networks of units with similar bargaining power and being equal partners. However, they often take the shape of “satellite” forms, subject to constant changes and functioning in
a given configuration for a short period of time. This excessive individualism may lead to partial decomposition of social ties resulting from belonging to the network, and cause atomization of the existing organizational solutions, including those concerning HRM. Questioning hierarchy as the foundation on which the network functions leads to replacement of hierarchic ordering and supervising dependencies with horizontal relations. Eliminating hierarchic relations brings greater flexibility of proposed solutions, greater willingness to take risks, better adaptability and more support for innovativeness, creativeness and entrepreneurial activities [12]. In other words, creating flat and not hierarchical structures may eliminate potential barriers to innovative activities. The reality of pluralistic-changeable network organizations is less structured and organized and more complex than the units functioning in a more traditional way. Therefore rigid procedures and inflexible organizational HRM policies and practices should limit it less. The introduction of various rules and regulations, excessive formalization and centralized decision-making may in this case lead to slowing down innovative activities, limiting creativity and flexibility and hamper pro-active decision-making necessary for realization of effective entrepreneurial ventures. Increasing flexibility of operating results from elimination or weakening existing hierarchic relations, bottom-top direction, complex information-communication relations and ties, greater participation and finally, increased level of innovativeness [23]. According to this reasoning, in pluralistic-changeable network organizations, HRM philosophy should be mostly based on creating value, and network participants should be assessed for the value they generate and the contribution they make to increasing the value of relations within the network. Therefore their behaviors are also verified, which calls for using subjective, qualitative measures. These few elements determine their position in the network structure. This situation forces organizations to conduct verification and to evaluate sporadically, possibly in irregular periods of time. It is beneficial, as many innovative, creative ventures or solutions need time to develop. As the risk is associated with failure, verification of the contribution made by particular units into the functioning of a given network structure, as well as concrete HRM policies and practices, should reflect tolerance for failure, while relations and network structure should assess the degree in which participants contribute to creating value of the organization. An effective source allowing creation of particular HRM policies and practices in case of pluralistic-changeable networks are specific circumstances or exceptional situations in which partners functioning within the network are. Great changeability in the network and outside it, as well as resulting lack of knowledge of participants of specific ways of behavior accounts for frequent “reference” to particular precedents. Taking decisions on the basis of developed guidelines leads to the creation of some kind of “common
law”, based on information concerning previous incidents. These precedents after some time become “a guide” for potential future activities. This situation may refer to the necessity of establishing a reference point, that is to constant monitoring and comparing with organizations functioning outside the network, taking into account external context.

5. Conclusion

The discussion of HRM guidelines in the network was conducted basing on the assumption that the choices made by an organization, covering identified HRM contradictions, will depend on the nature of relations and the arrangement in the network. The result of the above considerations is a list of guidelines for designing HRM policies and practices, most beneficial from the perspective of these two dimensions which are essential discriminants of particular types of network organizations. The list is not complete as it represents only a set of key strategic guidelines helpful in designing particular HRM solutions in a given type of network organization.

In network organization the shaping and implementation of proper HRM policies and practices should be subordinated to specific rules, that is the dimensions of this policy must meet the requirements imposed by the nature of the relations (in which structures emerge or are quite permanent), as well as requirements of the type of ties (with one or a few centers). The above considerations based on the assumption that properly shaped and suitable for particular type of network organizations HRM policies and practices greatly help attract the best and most valuable network partners, retain them in existing structures, encourage them to constant improvement and motivate to achieve better effects of their work. In this way they facilitate the realization of the objectives network organizations have, strengthen the position of the network structure and support key success factors of network partners, leading to increased effectiveness.

What is more important, the selected HRM policies and practices should be internally coherent and consistent [15]. Unfortunately, not many empirical studies confirm or reject proposed assumptions. Going further this way we should notice that although there are certain premises for mutual match of decisions concerning HRM to particular types of network organizations, specialist literature does not offer empirical studies analyzing such dependence. On the basis of proposed configurations of contradictions specified for particular guidelines, one could prepare research on realization of HRM policies and practices, though the interpretation of obtained results will pose a serious challenge.
Summing up, HRM in network organizations largely depends on individual assumptions of the researcher or on the community of a given organization. The network is such a large and complex notion, that network organizations practically appear in all structural forms and in a sense permeate all types of organizations. We can assume the existence of some unchangeable, quite permanent “core” characteristic of network organizations (depending on the ontological and axiological approach of the researcher or decision-maker) or for the reflected paradigm or fundamental scientific assumptions concerning the nature of the organization.

Bibliography


