



*Citation for published version:*

Swart, J & Kinnie, N 2014, 'Re-considering boundaries: Human Resource Management in a networked world', *Human Resource Management*, vol. 53, no. 2, pp. 291-310. <https://doi.org/10.1002/hrm.21551>

*DOI:*

[10.1002/hrm.21551](https://doi.org/10.1002/hrm.21551)

*Publication date:*

2014

*Document Version*

Early version, also known as pre-print

[Link to publication](#)

This is the pre-peer reviewed version of the following article: Swart, J & Kinnie, N 2014, 'Re-considering boundaries: Human Resource Management in a networked world' *Human Resource Management*, vol 53, no. 2, pp. 291-310., which has been published in final form at <http://dx.doi.org/10.1002/hrm.21551>. This article may be used for non-commercial purposes in accordance with Wiley Terms and Conditions for Self-Archiving

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## **Re-considering boundaries: Human Resource Management in a networked world**

### **Abstract**

In the 21<sup>st</sup> century employees hardly ever work for only one organization as they increasingly tend to work in cross-boundary contexts. This networked way of working has major implications for current HRM models which are more suited to the industrial economy which assumes a single employer and work within a set of clearly defined boundaries. We draw on a decade of empirical research in cross-boundary professional service firms to identify: (i) three types of network contexts (interactive, interwoven and integrated networks) which vary according to their boundary properties, work activity and identification focus and (ii) the HRM models (buffering, borrowing and balancing) which are appropriate to achieve success in these contexts. The main contribution of the paper is the *identification of HRM models in networked contexts*, which is such a prominent form of organizing work in the 21<sup>st</sup> century.

## **Introduction**

This paper develops a typology of HRM models which exist within a networked context and are appropriate for the 21<sup>st</sup> century. An analysis of contemporary working illustrates that we have moved from ‘working within one set of clearly defined organizational boundaries’ to ‘a networked-way-of-working’ where products and services are co-created. We therefore cannot merely focus on a set of HRM practices *within the firm* and need to ask: how would HRM models look within a networked context? We answer this question by drawing on a decade of research in cross-boundary contexts in professional services firms (PSFs).

The *raison d’être* of a configuration of HR practices is to enable the *act of working* both individually and collectively. The way in which we engage in the activity of work has, however, changed significantly during the past couple of decades (Townsend and Wilkinson, this issue). We therefore need to re-examine the boundaries and activities of contemporary working to develop our understanding of appropriate HRM models which facilitate excellence within this context.

Organizations in a knowledge-based economy rely not only on their own knowledge and skills to generate valuable outputs but they are also increasingly draw on inter-organizational resources to create sustained competitive advantage (Marchington, Rubery and Grimshaw; 2011; Fisher et al., 2008; Lepak and Snell, 2007). Work therefore tends to be carried out in projects which span organizational boundaries and consequently firms manage people whom they do not directly employ and employ people whom they do not manage. Clients can become involved in the talent management practices of the employing organization, contributing for example, to establishing recruitment standards, assessing candidates and the final employment decision (Kinnie and Parsons, 2004).

If this ‘networked-way of working’ in the knowledge economy is so familiar to us, why do our HR practices reflect those of an industrial economy? Here employees identify with just one employer who is firmly in control of the talent management value chain, i.e. resourcing, development and performance and reward management. We therefore fundamentally need to reassess our notion of the boundary of the firm and adapt the operant HRM models accordingly to ensure that they are fit-for-purpose within and across the newly understood boundaries.

The main contribution of the paper is the identification of three HRM models which exist within a networked context. We develop these three models in various ways. Firstly, we illustrate that ‘networked-working’ is a prominent feature of 21<sup>st</sup> century employment using an activity perspective (Kogut and Zander, 1996). Secondly, we acknowledge network variation and identify three prominent network types from our data analysis: interactive, interwoven and integrated networks which vary according to (i) boundary properties, (ii) work activity and (iii) identification focus. Finally, we develop appropriate networked HRM models, i.e. *buffering, borrowing and balancing*. We argue that HR practices have an impact on the boundaries of the firm which in turn influences the flow of human capital between the various stakeholders in the network.

### **Previous research – the networked way of working:**

If work is no longer organized only within a single organization then we need to identify an appropriate unit of analysis for a 21<sup>st</sup> century HRM model. We follow a logic presented by Kogut and Zander (1996), which states that boundaries are created by activities. Furthermore, research indicates that working activities and the associative outputs which have economic

value extending beyond the boundaries of the firm (Marchington et al., 2011; Nikolova et al., 2009; Phelps et al., 2011; Sturdy and Wright, 2011) to include clients, collaborators and competitors. The activity of work in a networked way, such as an inter-organizational project team, has theoretical implications at both the organizational and the individual level. In the section that follows we firstly put forward the collective lens by drawing on network theory (Gulati, et al., 2000; Moliterno and Mahony, 2011) then we discuss the individual perspective by drawing on the theoretical construct of liminality.

### A networked-way-of-working: the organizational context

In this section we define what we mean by a networked-way-of-working and we illustrate how this terminology differs from concepts such as communities and projects.

Firstly, we define a networked-way-of-working as the co-creation of products and services which have economic value for stakeholders extending beyond the boundaries of a single organization. We argue that the conduct and performance of firms can be more fully understood by examining the network of relationships within which they are embedded (Brusoni, et al., 2001; Dyer & Nobeoka, 2000; Gulati, et al., 2000:203; Granovetter, 1995; Powell, et al., 1996). We take the *relational approach* which is often contrasted with the *atomistic approach*, that focuses mainly on ‘within firm variables’ to explain various outcomes. The relational approach considers the structural and soci-political domains of the social context within which firms operate in order to understand between-firm-differences (Gulati, et al., 2000; Uzzi, 1997). This suggests that we need to consider how suppliers, partners, clients and customers influence the way in which people are managed. This relational perspective also calls for the reconsideration of the very focus of any HR practice, i.e. our definition of an ‘employee’. That is, we can no longer assume that one firm is in

‘legal control or ownership’ of its employees (Marchington et al., 2011; Rubery et al., 2003). This means that the HR practices of resourcing, talent development and retention are also no longer the property of one particular firm but they are a *shared strategic imperative for a network of organizations*.

The dominant categories in the literature on networked-working include communities and projects (Dal Fiore, 2007: 860) each of which has distinctive characteristics. The driving force of communities is to maximize social control on individuality while networks seek to maximize individual control on sociality. Communities tend to be sustained through shared identity as well as shared practice (Wenger, 2000) however, they do not typically operate to achieve commercial outputs and function more as socializing entities. They are often focused on a common vocational practice or work-base where learning is situated. In essence the community creates a sense of belonging. We find the lens of a community less fruitful for the study of processes that cut across individual and organizational boundaries, we focus more on the activities that define the boundaries of working in a networked world.

Networks focus more on outputs in a commercialized activity than communities. This networked-way of working has characteristics of the latent organization that has been put forward by Starkey, Barnatt and Tempest (2000). Within the boundaries of the ‘*networked-way of working*’ the relationships are constantly redefined and are dictated by client wants and needs. The resource base therefore fluctuates (Fey and Birkinshaw, 2005) to include intra- and inter-organizational skills and knowledge (Kaše et al., 2009) and it re-configures around existing members. Hence, when taking a network perspective we consider the talent pool to exist at a relational level between the various members of the network

The work activities in networks share similar characteristics with project forms of organising (Drucker, 1998; Nonaka and Takeuchi, 1995) and project-based learning, yet they also differ from projects in particular ways. Firstly, projects are generally considered to be within the boundaries of the firm and relate to organizational knowledge (Scarborough et al., 2004). We illustrated clearly that the networked-way of working extends beyond the boundaries firm. Secondly, the focal resource in projects is often thought to be human capital within the organization. We find, however, that the networked-way-of-working is reliant upon multi-dimensional resources such as know-how and, crucially, relationships that often act as the glue which holds the network together (Swart & Kinnie, forthcoming). Thirdly, the theoretical lens of a project is linear, although the practice may differ. We want to draw attention to the dynamic and iterative nature of the networked way of working wherein the client and several other stakeholders play an active role in managing people and help shape the knowledge-based outputs.

In summary, we have argued that it is appropriate to take an activity perspective (Kogut and Zander, 1996) to understand employment models in the 21<sup>st</sup> century. When we do so it becomes apparent that in the knowledge economy organizations operate within networks to ‘get things done’. This networked-way-of-working calls for HRM models to move from ‘owning and controlling’ employment relationships and resources to a ‘collaborative model of *generating talent-based synergies at the level of the network*’.

In order to develop our understanding of networked HRM models we next examine the properties of working within a network from an individual viewpoint. We do so by adopting a liminality perspective (Beech, 2011; Garsten, 1999) as it accurately depicts the qualities of

the networked space and it begins to illustrate the *managerial the theoretical and definitional* and the *attitudinal* challenges which we need to address.

### The networked-way-of working: an individual perspective

The act of constantly working across organizational boundaries means that employees occupy a liminal space, being ‘neither here nor there’ (Garsten, 1999: 605) at the limits of existing social structures. Tempest and Starkey (2004) argue that being ‘betwixt and between’ breeds ambiguity for those spanning organizational boundaries. Beech (2011: 288) emphasises that liminality ‘incorporates instabilities in the social context, the ongoing ambiguity and multiplicity of meanings, the lack of resolution (or aggregation) and the substitutability of the liminar’.

Various degrees of liminality may exist; at the one extreme a knowledge worker could be acting as a ‘free-agent’, working across several networks on a multitude of short-term contracts. In another context employees of various partners in the network may work together over an extended period of time and they identify more with their networked project than with their employing organization. Finally, employees within a network could be working within their employing organization whilst constantly engaging with other external network parties. Although each of these forms of networked-working represents varying degrees of liminality, we are also conscious that many of them may co-exist at any one point in time (as employees enact a variety of roles), and we argue that each degree of liminality will exhibit similar characteristics which we discuss here.

The first characteristic is illustrated in the *time- and target-demands* placed by the various stakeholders on the individuals who working in cross-boundary projects where they need to



satisfy the demands of several stakeholders (Fincham, 1999). The multiplicity of objectives may create synergies and conflicts (Donnelly, 2011) each of which could be very personally and intensively experienced by the knowledge worker in the network. Synergies are associated with the creation of value for all stakeholders involved. In other cases there will be conflict over objectives, costs, time spent, skills developed and other operational issues.

A second characteristic that we identify relates to the *emotive aspects* of working where the individual may experience competing pressures for their loyalty and commitment. Knowledge workers are continuously urged to put the interests of the client first, but at the same time they need to achieve their representative stakeholder's targets; especially if they are working on short-term contracts and their primary interest would therefore be their employability via the development of cutting edge skills. This is particularly true for individuals who act as free-agents who would often opt for higher financial rewards instead of employment security and identity. Whereas more traditional employees could tie their identity to their organization the 'networked citizen' anchors their identity in their 'skill' and there therefore puts employability before loyalty to an organization. Employees occupying this liminal space may experience a sense of freedom but also insecurity and an absence of trust. Lacking traditional organizational ties they may find themselves floating between their firm and their client, but anchored to neither (O'Mahoney, 2007:11). Indeed, Beech (2011: 288) argues that the identities of 'employees' in this liminal space are formed through a dialogue between themselves and the parties with whom they interact. Some may relish the sense of freedom, While others may experience a blurring and merging of distinction (Czarniawska and Mazza, 2003: 271) leading in more extreme cases to 'schizophrenia' (Czarniawska and Mazza, 2003: 272) and ontological insecurity (O'Mahoney, 2007:1).

Thirdly, a *sense of commitment and identity* is thought to influence extra-role behavior and ultimately network performance, i.e. employees tend to be more engaged with, and go the extra mile for, the agent in the network to whom they are committed. Each stakeholder may therefore compete for the individual's commitment. Some networks may be characterized by competition where a dominant firm seeks to control the HR practices at the level of the network (Kinnie, et al., 2005). This control can be sought through a variety of mechanisms including highly selective recruitment and induction processes designed to bring in and train the 'brightest and best' (Alvesson and Robertson, 2006) or emphasising the nature of knowledge work, how the firm is managed, value systems and the external image (Alvesson and Empson, 2008). Other networks may be more cooperative wherein which stakeholders may work together to develop and retain talent. In this context, each stakeholder may pay less attention to developing an organizational identity and follow a professionally focused model (Swart and Kinnie, forthcoming) which recognizes that employees may be strongly individually motivated.

## **Methods**

In this paper we draw on two research projects wherein which we identified a variety of responses to networked ways of working. The first, which was conducted in a knowledge intensive environment and was focused on PSFs, used the multiple-case logic suggested by Eisenhardt (1989). The case organizations were particularly suited to understand the HRM responses to networked ways of working because the PSFs work so closely with their clients and other network parties. We selected the client interface process as the unit of analysis because they allow us to focus on cross-boundary working. These units of analysis were identified in collaboration with each case study firm and typically represented the bidding process, consultancy project or creative-briefing process. We obtained variance in our sample

according to the firm's degree of professional governance. The sample therefore included law firms, management consultancies, software houses and advertising agencies.

In total 150 interviews were conducted which lasted between 60-90 minutes and were recorded and transcribed. We adopted a stage-based approach to the collection of qualitative data in each case. Firstly, we conducted in-depth interviews with a representative sample of managing partners, directors, senior managers and HR staff at all levels. During these interviews we sought to understand the wider strategic challenges to the firm, the nature and management of each of the knowledge assets and the particular HR practices that were adopted. It was at this stage that we identified the dominant cross-boundary unit for further analysis.

At the second stage we interviewed professionals responsible for managing their client-interface processes, i.e. principal consultants, practice managers or Chief Knowledge Officers to identify which of the multi-dimensional knowledge assets had to be managed at each stage of the process. In stage three we interviewed professionals who were engaged in the client-interface process, e.g. line managers, lawyers, consultants and account handlers. All our qualitative data were then examined using thematic analysis. At this stage we could identify the key HRM responses to networked working.

In the second project we sought to understand specifically what the impact of networked working is on employee attitudes. In this paper we draw on a single case of a retail organization within the research project to illustrate what we consider the most advanced form of networked working. In this case we conducted 18 interviews with senior managers

and directors and collected quantitative data on employee attitudes and behaviours from the 700 most senior managers involved in the project.

### **The networked context: variation and multiplicity**

In this section we focus on network variation as this has a direct impact on the appropriateness of the networked HRM model. We identify three types of networked-ways-of-working which we have derived from our case analysis: interactive, interwoven and integrative. The data analysis indicates that each networked way of working differs according to: (i) the boundaries of the firm; (ii) the focal point of identification and (iii) the activity context (See Table 1).

(Insert Table 1 around here)

#### Interactive networking

In this category the network is held together mainly via frequent interaction between the various stakeholders at senior levels within each partner. The boundaries of each network partner remain relatively impermeable and the aim is to actively engage with network partners whilst ‘protecting’ firm-specific knowledge and skills often via strong identification with and commitment to the organization.

[Insert Figure 1 here]

This networked form of organizing is closest to the current employment models and the focus is on buffering the network. In these conditions our case study organizations work in a network of collaborative relationships with clients, suppliers and various other stakeholders.

Given the collaborative nature of the relationships the PSF has relative strategic freedom to focus on internal networking. Hence, they seek to ‘buffer’ their human capital from the network and focus on internal fluidity. The focus internally is therefore on project resource allocation and job design which support internal fluidity and networked working. Professionals may experience ‘internal liminality’ as they engage in multiple client project teams and various other organization specific teams, such as vocational communities of practice. External networked activity remains mainly at the senior levels in the PSF and frequently results in long-term contracts where performance targets are jointly determined and knowledge-based outputs are co-constructed.

Network partner boundaries therefore remain impermeable as products and services are generated via a focus on internal organizational processes which ‘deliver’ multiple outputs to multiple parties in the network. The advantage of this is that human capital remains relatively protected within the boundaries of the firm and development and retention of talent is therefore optimized. The danger is of course that knowledge and skills may become inflexible and devoted to particular clients.

#### Interwoven networking

The prominent characteristic of this context is the collaboration of several firms and partners to produce a particular project output. Professionals collaborate across semi-permeable boundaries to work in an integrated project team (IPT). For example defence contractors collaborate to build a new warship or architects, civil engineers and building firms work together on a major construction site. The individual partners may work together on a shared physical site and will often share domain knowledge such as naval engineering. Other examples are found in consulting (Nikolova et al., 2009) and the National Health Service

where government policy on the provision of integrated care is leading local authorities and the NHS to form partnerships (Marchington et al., 2011). The nature of this networked way of working often requires long-term commitment to the IPT. The advantage for the individual PSFs is that their employees will gain exposure to cutting-edge industry knowledge which could then be integrated into the firms.

[Insert Figure 2 here]

The focal point of the work activity is the IPT where there is often a clearly defined output or objective. Employees may spend several years dedicated to working on one project hence the cross-boundary project team becomes the anchor for identification. In some instances this weakens identification with the organization as individuals may be physically and psychologically distant from the organization. The main purpose for engaging in this networked activity is however to integrate network acquired knowledge and skills into the firm's processes and procedures. Hence, it is important to keep the boundaries of the firm relatively fluid to allow for the adoption of leading-edge experience. This fluidity needs to be managed carefully as each individual network party would seek to retain their individual skills and expertise. This may present a challenge for the employing organization given that the IPT becomes such a focal point for the professionals and that their knowledge consequently becomes so specialized that it cannot be integrated into the PSF.

#### Integrative networking:

This type of networked working is the most advanced and the core characteristic is the sophisticated nature of integration of the various network parties. Organizational boundaries are highly permeable leading to the establishment of a network level organization. This

network level organization would typically have its own management structures and HR practices. Rather than focusing on a particular output, the aims of this kind of network are different: they are more concerned with improving the performance of the network, working together to solve problems and sharing best practice. Professionals from the various PSFs will work together so closely that a separate, often virtual and legal, organization will be established to direct their interaction. In a sense the networked activities become so focal that they represent an organization in its own right. However, the work activities are focused on both the networked organization and the individual firms making up the network.

[Insert Figure 3 here]

Individuals would therefore identify with their employing organization but would also hold a very strong identification with the networked organization. The advantage of this form of networking is the efficiency and the ‘ease’ of collaboration which it facilitates. The danger is however that employees may ‘go native’ and identify so strongly with the networked organization that they may consequently seek employment opportunities with other collaborators in the network. This may lead to a loss of human capital for the employing PSF.

### **HRM Models in a Networked Context**

In this section we present the three HRM models which exist at the level of the network; i.e., *buffering the network, borrowing from the network* and *balancing the network*.

[Insert Figure 4 here]

### Buffering the network: Talent agility

In this context the focal firm provides services to a variety of clients in collaboration with key stakeholders. Each firm works in a flexible way in the network whilst maintaining an internal HRM focus. This model is closely associated with the traditional ways of working but it differs because of its intra-firm agility (Kaše et al., 2009) and its ability to adapt to the network. It retains a central focus on the needs and performance of the network but selects to do so from an internal resource base. The central characteristic of this model is that it retains flexibility of human capital to respond to changing network demands whilst anchoring skills and talent within the organizational boundaries via the integration of strong organizational values into its HRM systems. This approach illustrates awareness of the intensity of the opportunities to join a collaborator or a client in a cross-boundary setting.

Resourcing practices focus on the fit with organizational values yet they maintain the need for flexibility to respond to client demands via their emphasis on and tacit knowledge. One law firm, 'High Trust' took technical skills for granted and paid more attention to applicant values. They also fostered their firm-wide culture to encourage staff to develop and share their knowledge, pass on their contacts and delegate their work to others. One Partner in 'High Trust' said *'when we recruit people from outside they are damaged goods, they are defensive, they are used to keeping the work to themselves, doing the fees and then asking for Partnership – they don't think that it might be quicker to Partner if they share their work out.'* The values driven approach in 'High Trust' fitted well with their competitive strategy of targeting small and medium sized companies who prefer a highly personalised approach.

This approach to recruitment and selection is also reflected in job design and resource allocation practices. Jobs are typically designed to encourage multi-skilling, versatility and



creativity supporting co-operation between teams and the development of dense organizational rather than team-based networks. A flexible resourcing model is used when allocating staff to client project teams, for example, 'Blueprint' rotated staff between client-projects to develop firm-specific skills and knowledge which were not easily transported to other organizations. This helped the firm to retain valuable human capital in the face of stiff competition for talent. It did mean that professionals had to 'buy into' the values of the firm as their skills became less transportable across boundaries. This also provided staff with development opportunities and improved knowledge sharing between teams which underpinned co-operative social capital where the emphasis is on the organization rather the team. Indeed, in 'Blueprint' social capital was described as *the* most important criteria for staff allocation to teams. This strategy created an infra-structure for knowledge flow within the project team and between various project teams and also reflected the emphasis on process agility which allowed organizations to deploy resources across diverse network demands.

Human capital development practices concentrate on developing a broad range of skills and trying to anticipate future skill needs of the network. This approach is highly reliant on the inter-personal mentoring relationships. These socially sensitive processes seek to build organizational networks which create the right environment to build human capital and network relationships. Performance management and reward systems are linked with cultural and strategic objectives. Reward therefore becomes linked with extra-role behavior within the firm which ultimately benefits the network, e.g., 'FinConsult' moved away from reliance solely on billable hours to include a range of criteria such as knowledge-sharing. In this context the capability of the firm takes precedent over 'standard individual rewards' which enable the firm to respond flexibly within a changing market. The power of the process

agility was articulated by one of the Partners in 'High Trust', *'anyone who comes here has to show they can bring in the fees – show they can get hands dirty and build a team through sheer hard work. You sacrifice a decade but you get the reward.'*

In this model bonuses tend to be linked to group or organizational performance using internal and external evidence to support organic organizational capital and encourage the exchange of tacit knowledge. 'High Trust' rewarded practice groups for introducing new business and supported this with monthly management meetings. This approach was contrasted with the perceived traditional industry practice by one Partner in 'High Trust', *'In the traditional set up you attract clients and keep them in your pocket at all times, you make sure you socialise with them and do their work. This gives you a power base, because you can take them with you and that is attractive to other firms.'* He explained that this was usually reinforced by the existence of a billing league table directly linked to individual reward so that *'an individual's value and power were linked to their position in the league table.'*

Mechanisms directly involving individual employees are likely to encourage the commitment to the organization and also flexibility to work effectively within the network. Opportunities for participation in the day-to-day operations of the firm break down internal barriers to communication and knowledge flow which aid the identification with the firm. Involvement in the allocation of work can be especially critical in developing relationships. Employees are more likely to be committed to the team if they have had an opportunity to influence how the work is shared out. This also ensures that organizational networks are kept structurally strong which aids the flow of knowledge and the development of tacit knowledge within the organization. This commitment is especially important when client deadlines have to be met even though team members may have responsibilities outside work.

Participation in decision-making in the firm emphasizes the firm and is more broadly associated with the development of firm-specific skill. This was well demonstrated in 'Kaleidoscope' where HR practices were developed by cross-functional teams. As the Head of People said, *'All the initiatives that we develop are delivered for the people, by the people.'* This cross-team boundary method of working was also shown with the development of other teams concerned with issues such as the office environment, the relational activities of the firm and the external marketing of the firm. This was a critically important HRM approach to developing strong organizational networks, breaking down barriers and therefore building network relationships. It also meant that any firm-specific human capital that was developed was likely to remain with the firm, given the strong emphasis on the firm's values and culture, thereby providing the PSF with a sustainable competitive advantage.

#### Borrowing from the network: Process integration

In this context it is important to leverage resources from other stakeholders in the network for the achievement of network-level and individual firm objectives. Organizations who adopt this model tend to focus on the development of skills and relationships which will benefit the network, whilst integrating what they learn from the network into organization specific processes.

[Insert Figure 5 here]

These firms emphasize skills which may easily be transferred between organizations in one industry (Kang and Snell, 2009: 79-80). The reason for this is often because a bid would be won in partnership with a collaborator and would require immediate application of the skill to

achieve the project objective. Indeed, the skill-base is often the deciding factor in the winning of the bid. This approach enables the firm to benefit from market opportunities which are focused on professional knowledge and skills (Swart and Kinnie, 2010). They often pursue a deep expertise approach which involves keeping project teams together over long periods with very limited movement between them.

These project teams also tend to comprise of individuals from several organizations in the network which can result in knowledge workers identifying more with their cross-boundary project team than any of their employing organizations. The project team is often staffed by individuals in similar roles across the network. A sense of belonging is therefore created where like-minded professionals share a similar skill-set facilitating knowledge sharing and development across the network. The aim is to emphasize the development of professional and industry-specific knowledge which are less specific to a particular firm and more easily transported across organizations. This is particularly useful to the 'client' in the network who may then influence the development and reward of talent in long-term projects to achieve their own organizational objectives.

Indeed, herein lies the challenge of this HRM model. If there is one more powerful network partner then they may seek to benefit from the resource investment of other stakeholders without making their own human capital investments. It is therefore crucial that cooperative relationships underpin the notion of the development of network specific talent and relationships whilst anchoring and integrating the benefits which occur from the network to organization specific processes.

In firms that adopt the process-integration model the relative importance of profession related training and development varies. In some, industry-standard, or more precisely, network specific knowledge is ‘bought’ rather than ‘made’ and the emphasis is on using this knowledge effectively within streamlined organizational systems. In other highly innovative and cutting-edge skill networks where skills are emerging and cannot be ‘bought’, network partners rely on the sharing and development of knowledge across organizational boundaries.

We draw on the example of an IPT within an international consulting firm ‘GlobalConsult’ to illustrate some of the key characteristics of the ‘Borrowing’ HRM Model. The IPT involved developing highly specialized skills for facilitating personal and organizational change. ‘GlobalConsult’ sought to ensure that the already high level of capability in this area was renewed and developed to remain high competitive. The focal practice group within ‘GlobalConsult’ worked collaboratively with other internal practice groups, external facilitators based in clients and other external skill experts to build and share the development of facilitator capability. The IPT depended not only on highly skilled human capital and strong, trusting relationships, but also on the development of supporting HR practices at the level of the network.

The defining characteristic of the resourcing and development practices was that they were designed and implemented by stakeholders who were both internal and external to ‘GlobalConsult’. Initially they worked closely together to identify the types of knowledge and skills that would be needed by the facilitators. Then the candidates for these change facilitator positions were drawn from across the network and included staff internal to ‘GlobalConsult’ and existing and new external consultants. Formal recruitment methods were not used and instead reliance was placed on existing networks and word of mouth.

Once identified the candidates were then assessed for their suitability by both the internal and external stakeholders. A series of selection workshops were used to assess the mutual fit of the candidates with the requirement of the IPT rather than any individual stakeholder. Once selected the facilitators attended a week long skill development programme run by the internal and external stakeholders. To support this the facilitators were provided with placement, coaching and shadowing opportunities across the network parties. In practice the parties to the network were engaging in relational collaboration to co-design the learning process.

The IPT allowed the development of both the firm and IPT levels skills developed through cross-boundary relationships. The development of these relevant skills was only part of the story. The task from the point of view of 'GlobalConsult' was to ensure that they could bring the human capital back into the firm. They did this by ensuring that their internal knowledge sharing processes effectively disseminated the knowledge and skills which had been developed.

[Insert Figure 6 here]

#### Balancing the network: multi-dimensional agility

In this model the various stakeholders in the network truly acknowledge the need to establish network level skills, relationships and processes and therefore develop HR practices at the level of the network. These practices acknowledge the importance of developing social as well as human and organizational capital to support and enrich the network. Unlike the traditional HRM model that focuses on human capital, the networked model reflects the importance of being able to work within a network and that the knowledge and skills required

cannot be developed without strong social relationships. These relationships fill the liminal space between the parties; they are the glue that holds the network together. We draw on the example of a logistical network, known as 'One Team', established by Marks and Spencer, a major UK retailer and its third party logistical partners (3PLs) who supplied warehousing and merchandising facilities. Although the network was instigated by Marks and Spencer, the 3PLs have participated extensively in the operation of One Team. The shared aims of the One Team network are to work together to improve the performance of Marks and Spencer and the network by sharing knowledge and best practice between the parties. In order to do this they have structured their decision making and created HR practices at the level of the network to create the required human, social and organizational capital.

Two key managerial structures provide the organizational capital which is integral to the operation of One Team. First, a Steering Group was established jointly by senior Marks and Spencer staff and each of the 3PLs to take overall responsibility for the direction and scope of One Team and to establish a common purpose among the members. Second, six work-streams were established to take responsibility for particular aspects of One Team activities such as Values and Behaviours, Marketing and Communications and Collaboration. These involved managers below the Steering Group from Marks and Spencer and the 3PLs acting semi-autonomously, but reporting to the Steering Group regularly. Both of these managerial structures were vital to supporting the development of shared knowledge and skills and for developing social capital.

Senior Marks and Spencer managers saw the enhancement of talent management throughout One Team as one of their clear objectives. They facilitated this by advertising all relevant job vacancies across all members of One Team via the shared web site. This encouraged staff to

move between 3PLs and Marks and Spencer in ways they would not have done previously. Indeed, this provided Marks and Spencer with the opportunity to identify future talent and to retain this within the network. Employees had the opportunity for career development in ways that they would not otherwise have been aware.

Key internal resourcing decisions were also made over which staff would be allocated to the workstreams. Critically, these staff were drawn from a variety of levels and might just as easily include a team leader as a senior manager from a 3PL site. Staff in the workstreams had clear opportunities to develop their personal skills and knowledge. First, each workstream had a high degree of autonomy over how they achieved their objectives. The members had the freedom to develop new ideas and to innovate. Second, since the members of the workstream were drawn from multiple levels in One Team, junior staff could find themselves working alongside quite senior staff from Marks and Spencer and other 3PLs. Apart from the knowledge and skills development opportunities these staff had career benefits because they had a chance to ‘get themselves noticed.’

Alongside these more informal development opportunities there were also a series of formal training and development activities at the level of the network aimed at generating human and social capital at the level of the network. The aim here is to develop multi-level agility to encourage the sharing of knowledge and best practices. For instance a training needs analysis within One Team showed there was a need for members of the 3PLs to understand their interpersonal styles and managerial approaches in greater detail. This led to the development of a training programme which identified team members’ preferred communication styles that enabled improved communication with cross-boundary teams and enhanced social relationships.



Performance management and reward practices were also established at the level of the network. Efficiency targets were set for each site and performance was measured weekly. Each site had complete knowledge of its own performance and the performance of others within the league table which was established. This provided a strong incentive to improve performance which was highly visible throughout One Team. Once these targets were set each local manager sought to make changes to improve their performance which could then be shared throughout the network either in the workstreams or via the web site. There were also One Team reward mechanisms to recognize the contribution of individual employees. Every month an employee was recognized for their outstanding contribution and these were then entered into a quarterly competition (quote). This network level practice provided a financial and recognition incentive for employees to share rather than hoard their knowledge.

One of the key drivers in the multi-dimensional agility model is the involvement and participation practices that exist at the level of the network. There are a series of practices designed to encourage all members to adopt a One Team perspective and to strengthen the relationships at all levels and to build social capital. First, the Regional Champions were established who meet face-to-face regularly to build relationships and share knowledge. Second, various social activities, which are supported by the web site, take place between members of the sites at all levels to build awareness of One Team and make contacts. Third, employees at all levels have the opportunity to contribute to the One Team suggestion scheme for efficiency savings discussed above. Finally, all employees are encouraged to wear the One Team uniform rather than the uniform of the 3PL that they work for.

It is important to understand that the networked HRM model results in the generation of flexible human capital which can be effectively deployed at the network as well as the individual PSF level. These efficiencies resulted in very significant cost-savings and have generated further networked ways of working. This HRM model therefore supports a positive spiral of networked benefits.

### **Conclusion and Implications**

This paper sought to re-think the boundaries of our current HRM models and it asked some challenging questions as to whether our ‘industrial-economy’ approaches are truly suitable in a knowledge economy wherein which we tend to operate in networks, across organizational boundaries. In our re-consideration of appropriate HRM models we used an activity perspective (Kogut and Zander, 1996) to identify where the activity of work takes place in the 21<sup>st</sup> century. We then presented a detailed discussion of the qualities of a networked-way-of-working from both the organizational and the individual perspectives. The former was underpinned by network theory which we described what it ‘felt like to work in a network’ by adopting a liminality perspective. We then illustrated that there was not only one networked-way-of-working but identified, from a decade of empirical research, three forms of network variation, i.e. *interaction*, *interwoven* and *integrated* networking which vary according to the properties of the boundaries, the focal point of work activity and the prominent identification. In the final section of the paper we identified a typology of HRM models which exist within a networked context: (i) buffering the network; (ii) borrowing from the network and (iii) balancing the network.

Importantly, the data analysis indicates that in a networked world it is the relational capabilities of the firm which take center stage. This, we argue, is the focus of the networked

HRM model, which has important implications for each of the individual HR practices. For example, resourcing would need a much clearer focus on the ability to build and maintain relationships. The development of experience and skills that facilitate relationships and specifically team-based effectiveness would be at the heart of the networked HRM model. The relational aspect would also be crucial in performance and reward management and would be one of the key performance indicators of the network citizen. In this context it is important to ask ‘how the network will retain its members?’ The individual may be motivated only by employability and the security of developing cutting-edge skills which will then be in high demand by another network. That is to say, if organizations can no longer rely on the traditional means for generating employee commitment then how would the networked employee be motivated to engage in extra-role behaviour within the network? Another challenge in this model relates to the nature of the relationships within the network. Ultimately human capital can only be managed across the network if there are cooperative relationships and each network member endeavors to work toward the benefit of the network. A final challenge that needs to be considered is the dynamic nature of networks and how employment practices *at the level of the network* would need to change as network-membership fluctuates.

Integral to our discussion is the notion that the networked HRM model plays a strategic role in the management of the boundary of the firm. The organization may select to have very fluid boundaries in order to benefit most from collaborative working and the subsequent cutting-edge skill acquisition. Alternatively, organizations may select to have relatively impermeable boundaries in order to develop firm-specific skills and to retain key talent via strong values and a distinctive culture. This does not keep the organization from operating effectively in the network but it represents an alternative strategic response to the network.

We have indicated in our analysis that the selected HR practices play a strategic role in determining the properties of the firm boundaries in each of the three of the HRM models. Effective HRM Models adapt to the characteristics of the networked way of working which has been adopted.

In summary, the paper contributed to the identification of networked HRM models. We argued that networked working is a prominent form of organizing in the 21<sup>st</sup> century and illustrated that appropriate HRM models need to be identified. We presented three forms of networked working and within this context we pinpointed the strategic HRM responses to working in a networked world. Finally, the challenges that these models represent were discussed. Regardless of these challenges we need to begin to develop a set of robust HRM responses which would enable a networked way of working within a knowledge economy.

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Table 1: Network variation

	Boundary properties	Work activity focus	Identification	HRM response Prominent mode
<b>Interaction</b> There is no boundary-sharing	The organization manages external boundaries whilst keeping internal boundaries fluid	The individual works across several internal project teams whilst having frequent contact with network parties	The employing organization with clear identification with values	<b>Buffering the network</b> Values driven Fluidity of boundaries HC and SC emphasis
<b>Interwoven</b> Integrated project teams (IPTs)	Semi-permeable A couple of parties in the network aim to generate commitment from those whom they do not employ	The cross-boundary project team becomes the focal point for activity	Individual may identify with powerful brand who does not employ them.	<b>Borrowing across the network</b> Organizations seek to learn from other's experience in the network and integrate this into their own processes
<b>Integration,</b> A separate organisation exists at the level of the network	Permeable All parties contribute to a team that is situated at the network level	The network and the individual firms become the focus of work activity.	Duality of employment identity – organisation and networked team	<b>Balancing the network</b> Collaborative HRM model. Integrate knowledge, skills and experience across the network.



Figure 1: Interaction

Network is held together via frequent interaction

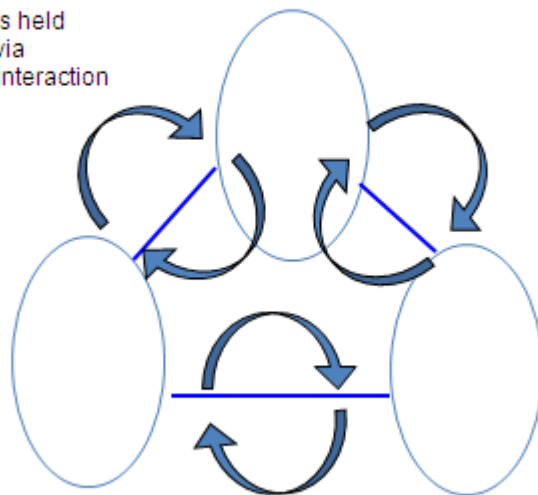


Figure 2: Interwoven

Networked activity  
is at the level of a  
cross-boundary  
project team

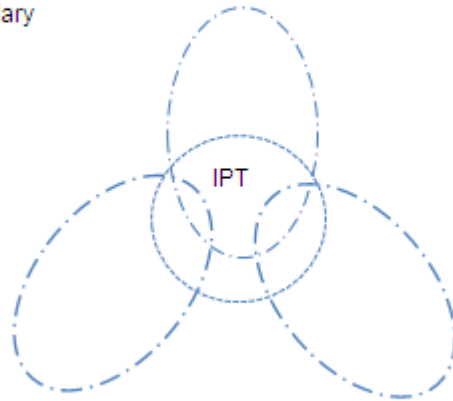


Figure 3: Integration

Networked activity  
is at the level of a  
cross-boundary  
organization as  
well as within the  
organization

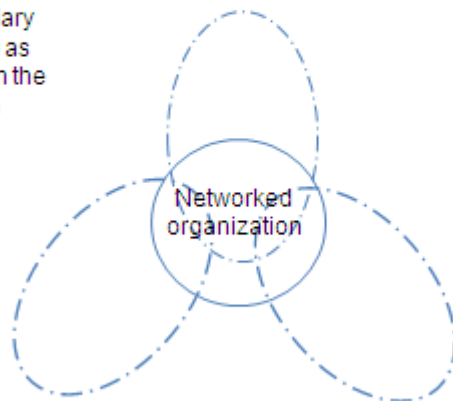


Figure 4: Buffering the network: internal talent agility

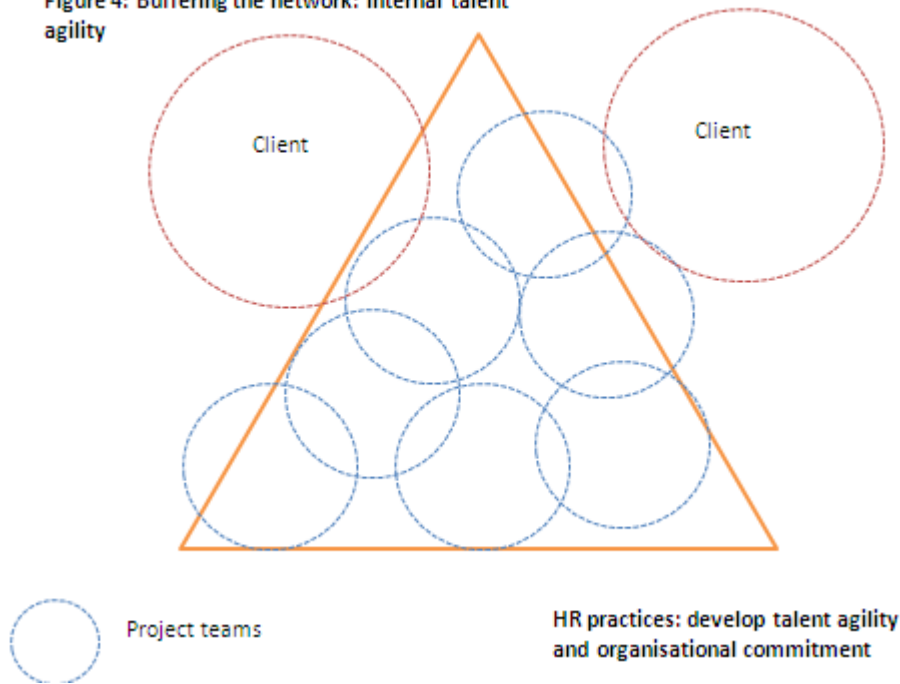


Figure 5: Borrowing from the network: process integration

