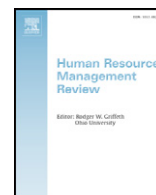




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## The whole is more than the sum of its parts? How HRM is configured in nonprofit organizations and why it matters

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### ABSTRACT

Evidence points to the central importance of configurations of mutually reinforcing HR practices as they are assumed to provide the basis for understanding how HRM relates to organizational performance. While progress has been made regarding the construction and effects of HR architectures in the for-profit literature, few studies investigate how HR architectures are configured in nonprofit organizations (NPOs). Therefore, this paper aims to advance a conceptual model that captures the relationship between ideal types of HR architectures and performance in NPOs. We develop theoretical propositions that provide further insight on the HR programs and HR practices that define the HR architectures and entail implications about variations in performance outcomes in NPOs.

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### 1. Introduction

Nonprofit organizations (NPOs) are confronted with the conflicting demands of providing more, high quality services while their funding is being reduced and increasing market-related competition is pressuring NPOs to make efficient use of their resources (Alexander, Nank, & Stivers, 1999; Anheier & Seibel, 2001; Salamon, 2002). NPOs have to display accountability and meet performance requirements in order to receive funds. As a result, greater emphasis on demonstrating effectiveness and efficiency has emerged in the nonprofit sector (Frumkin & Andre-Clark, 2000; Kellock Hay, Beattie, Livingstone, & Munro, 2001).

In light of this tendency towards performance management, Human Resource Management (HRM) is claimed to play an important role in enhancing the performance of these organizations (Guo, Brown, Ashcraft, Yoshioka, & Dong, 2011). As employees are viewed as a strategically important, indispensable resource to achieving the organization's mission, investments in HR practices that enhance employee skills and motivation are seen as an important means for coping with the aforementioned challenges (Conway & Monks, 2008; Cunningham, 2005; Parry, Kelliher, Mills, & Tyson, 2005). Indeed, the literature provides evidence that HR practices are being increasingly implemented in NPOs. However, studies investigating HRM in NPOs focus mainly on single HR practices and their effects. A large bulk of studies concentrate on the impact of recruitment, training, compensation and benefits on employee absenteeism, commitment, turnover, and organizational performance (Borzaga & Tortia, 2006; Cunningham, 2010a; De Prins & Henderickx, 2007; Rodwell & Teo, 2004). Unfortunately, most of the studies are not comparable due to differences in their theoretical foundations, methods, sample and contradictory results.

Furthermore, research suggests that the effects of HRM do not stem from single practices alone but from the configurations of mutually reinforcing HR practices. Empirical evidence in the realm of HRM points to the central importance of configurations of various HR practices within the organization's HR architecture as they are assumed to provide the basis for understanding how HRM relates to organizational performance (Chadwick, 2010; MacDuffie, 1995; Wright & Boswell, 2002). In this paper, an HR architecture is understood as the overall internally consistent and coherent HR system structure of an organization (Arthur &

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Boyles, 2007; Becker & Huselid, 2006). While advances have been made regarding the construction and effects of HR architectures in the for-profit literature (e.g. Bryant & Allen, 2009; Lepak & Snell, 1999), few studies investigate the way HR practices are configured in an HR architecture in NPOs. Initial research on bundles of HR practices in NPOs (Eaton, 2000; Haley-Lock & Kruzich, 2008) suggests that the contribution of these HR practices may be synergistic in effect. Therefore, the following paper aims to conceptualize about how and why HR architectures are configured in NPOs and how and why such HR architectures affect HR outcomes and organizational performance.

In order to gain insight into HR architectures in NPOs, we draw on the strategic and resource-based perspectives in HRM. In linking these theoretical approaches to the specific characteristics of NPOs, we identify factors that shape the HR architectures in NPOs and account for differences in the construction of HRM in contrast to for-profit organizations. We introduce a typology of configurations of HR practices that differentiates into four ideal HR architectures in NPOs which enables us to examine the HR architectures in terms of their underlying components. Moreover, we advance a conceptual model that captures the relationship between these specific types of HR architectures and performance in NPOs. Finally, integrating the theoretical approaches with empirical evidence from the nonprofit sector, propositions are developed that set the stage for further empirical research on HR architectures and their effects in NPOs.

The paper makes several salient contributions to the literature. Going beyond a mere classification of different HR types in NPOs, our model provides future researchers with a more holistic view of HRM in NPOs that captures the HR architectures in their richness and complexity in terms of their underlying components. Rather than investigating the relationship between single HR practices and their effects, we advance the current literature by proposing a framework that can shed light on the synergistic effects of configurations of HR practices within an HR architecture. Research in the realm of HRM points to a gap between the rhetoric and reality of implementing HR practices as crucial for explaining how HRM influences performance. By directing attention to this potential divergence between management's intended HR practices and employees' experience of their implementation, our conceptualization of HR architectures can provide a better understanding of the contribution of HRM to performance.

## 2. Theoretical background

A variety of theories have been used to explain the configuration of HRM and its contribution to firm performance. In order to address the outlined research gap with respect to HRM in NPOs, we first draw on the theoretical perspectives of strategic HRM and the resource-based view (RBV). These approaches entail that HRM responds to the organization's environment and complements other organizational systems (strategic approach) as well as generates value through the firm-specific development of valuable, rare, and non-imitable HR (resource-based approach) (e.g. Barney & Wright, 1998; Boselie, Dietz, & Boon, 2005; Wright, Dunford, & Snell, 2001).

### 2.1. Strategic approach to HRM

From a classical perspective, strategy is formed by gaining information about the environment and internal resources, followed by identifying strategic options and implementing the strategy chosen by providing the necessary resources and systems. The primary role of HRM is to enable a firm to achieve its strategic goals (Baird & Meshoulam, 1988; Wright & Snell, 1998). In this respect, the strategic perspective emphasizes vertical and horizontal fit. The former refers to the alignment of HRM to business strategy; whereas, the latter highlights that organizations must also horizontally align their various HR practices to ensure that these practices pursue similar or complementary goals (Guest, 1997; Schuler & Jackson, 1987; Wright & Snell, 1998). The literature points to business strategies (Tichy, Fombrun, & Devanna, 1984) or additional external and internal influences such as stakeholder interests (Beer, Spector, Lawrence, Mills, & Walton, 1985) as central factors that shape HRM.

This approach reflects a contingency perspective to HRM in which contextual factors such as industry, firm size, strategy, and structure are assumed to lead to differences in the construction of HR systems (Baird & Meshoulam, 1988; Bowen & Ostroff, 2004; Delery & Doty, 1996). This perspective questions the universalistic approach which assumes that there are best practices which are applicable regardless of the specific organizational setting (see Pfeffer, 1994). Instead, depending on different business strategies, HR practices have to be consistent and in line with the firm's strategy in order to achieve the desired organizational performance (Delery & Doty, 1996; Schuler & Jackson, 1987).

In contrast to the contingency approach which concentrates on a limited set of structural variables which influence the application and effects of single HR practices, the configurational approach focuses on HR systems. A configurational view directs attention to the patterns of HR practices that form an internally consistent whole as influencing firm performance (Colbert, 2004; Doty & Glick, 1994; Fiss, 2007; MacDuffie, 1995). In this respect, certain bundles of HR practices are assumed to result in the highest internal consistency (horizontal fit), as well as congruence with organizational goals (vertical fit). The configuration of practices that provides the best horizontal and vertical fit with any given strategy would thus be the ideal type for a firm pursuing that particular strategy (Delery & Doty, 1996).

Together this body of work on strategic HRM points to the central importance of the organization's strategic orientation for differences in the usage and effects of HR practices. Accordingly, we proceed from the assumption that HR architectures will be firm-specific in nature depending on the organization's strategic goals.

## 2.2. Resource-based view

The RBV has become a dominant theoretical perspective within HRM research that highlights the potential role of HR as a strategic asset of organizations. Resource-based theory suggests that acquiring, developing, and combining organizational, structural, financial, and human resources in ways that create value and are difficult for competitors to imitate can be a source of competitive advantage (e.g. Barney, 1991; Coff, 1997; Colbert, 2004). In this regard, several authors put their emphasis on the distinction between resources and organizational capabilities. Resources refer to an input to production (tangible or intangible) that an organization owns, controls, or has access to on a semi-permanent basis, while a capability describes the firm's capacity to deploy resources, usually in combination, using organizational processes to reach a desired end (Amit & Schoemaker, 1993; Lado & Wilson, 1994). Thus, firms achieve rents not because they have better resources, but rather because their distinctive capabilities allow them to make better use of resources (Mahoney, 1995).

Based on the distinction between resources and capabilities, more precise assumptions can be derived about the contribution of HR practices (Becker & Gerhart, 1996; Boxall, 1996; Wright, McMahan, & McWilliams, 1994). While, on the one hand, HR practices as capabilities are seen as a potential source of sustained competitive advantage (Becker & Gerhart, 1996; Lado & Wilson, 1994), other scholars argue that human resources themselves qualify as distinctive, that is, valuable, rare, non-imitable and non-substitutable resources (Barney & Wright, 1998; Truss, 2001). Given the imitability of single HR practices across organizations, Wright et al. (1994) propose that it is the human capital in terms of highly skilled and motivated employees through which an organization achieves sustained competitive advantage. In comparison to other resources (e.g., technologies), human capital is argued to be particularly inimitable due to tacit knowledge, social complexity and causal ambiguity (Barney & Wright, 1998; Coff, 1997; Wright et al., 1994). Yet, other authors such as Lado and Wilson (1994) or Becker and Gerhart (1996) suggest that the overall system of HR practices meets the conditions necessary for sustained competitive advantage in that this system itself can be valuable, unique, and difficult to imitate. The way in which different practices are interrelated within such a system makes the advantage difficult for competitors to understand and imitate (Barney & Wright, 1998; Becker & Huselid, 2006).

Differentiating between human capital advantage and human process advantage, Boxall (1996) argues that the combination of a talented human capital pool and superior processes for managing people contributes to sustained competitive advantage. Accordingly, human capital can only become a strategic asset if the firm has the capability to create, combine, and exploit its HR in ways that create value (Lado & Wilson, 1994). In this understanding, HR practices are used to develop or acquire a high quality human capital pool and influence the relationships and behaviors of the employees so that they can contribute to the strategic goals of the firm (Truss, 2001; Wright et al., 2001). Moreover, it is argued that HR practices function as imitation barriers, or what also might be referred to as isolating mechanisms. HR investments, for example in form of trainings or long-term mentoring programs, develop tacit, highly firm-specific knowledge that is not easily transferable to other organizations (Boxall, 1996; Coff, 1997; Lepak & Snell, 1999).

From a resource-based perspective, HR practices within an HR architecture are firm-specific investments that are used to acquire, develop and leverage human capital. Firms will differ in their HR orientation depending on the specific characteristics of their human capital pool and the goals for managing these employees. Linking the strategic HRM perspective and resource-based theory to the specific characteristics of NPOs in the next section, we introduce a typology of HR architectures in NPOs.

## 3. Towards a typology of HR architectures in NPOs

As a multi-level construct, the notion of an HR architecture is useful for capturing the entire HR system structure of an organization (Arthur & Boyles, 2007; Becker & Huselid, 2006). HR architectures consist of multiple hierarchically arranged components such as HR principles, HR policies, HR programs and HR practices (Arthur & Boyles, 2007; Lepak & Snell, 1999). Both strategic HRM and RBV highlight the interconnectedness of these components within an HR architecture, underscoring the need to adopt a holistic perspective to understand the effects of HRM on performance (Becker & Huselid, 2006).

Drawing on the strategic approach and RBV as theoretical backgrounds to HRM, we introduce a typology of HR architectures in NPOs in order to provide insight into the HR architectures and their effects. According to Doty and Glick (1994), typologies provide a parsimonious framework for describing complex organizational forms and explaining differences with respect to outcomes such as organizational effectiveness. The notion of ideal types as theoretical constructs that can be used to represent holistic configurations of multiple unidimensional constructs is essential. An ideal type describes a unique combination of organizational attributes that are believed to shape outcomes such as competitive advantage, performance or innovation (Fiss, 2011; Shenhar & Dvir, 1996). Accordingly, typologies are considered as theoretical abstractions that can be used as a reference point for comparing actual organizations to make predictions about specific organizational outcomes. As such, the term "ideal type" is not employed in this paper in a normative sense that conveys a positive or negative connotation.

As in Doty and Glick's (1994) discussion of modeling typologies, we differentiate between first-order constructs and second-order factors in developing a typology of HR architectures in NPOs. First-order constructs are the dimensions that signify organizational attributes and form the set of ideal types. These first-order dimensions account for differences in the underlying second-order factors which represent a multivariate full description of the ideal types. As such, second-order factors serve as a means to translate between the theoretical description of the ideal types and the operational measures used to assess real organizations (Doty & Glick, 1994; Shenhar & Dvir, 1996). Configurational approaches are based on the premise that unique combinations of these factors will exhibit different features and lead to different outcomes depending on how they are arranged (Fiss, 2007).

Thus, the way second-order factors fit together helps to explain why the specific pattern in each ideal HR architecture results in variation in the dependent variable of interest across the set of types. In the following section, we outline the first-order dimensions that shape the HR architectures in NPOs and their underlying second-order factors.

### 3.1. First-order dimensions: strategic and HR orientations

Drawing on the theoretical perspectives of the strategic and the resource-based approaches, we maintain that the strategic and HR orientations of organizations are the main influences on the HR architectures (Arthur & Boyles, 2007; Colbert, 2004; Lepak, Bartol, & Erhardt, 2005) or what we refer to as the first-order dimensions of our typology.

Informed by the strategic HRM perspective, the strategic goals of an organization define the first dimension strategic orientation. Research in the realm of HRM treats strategy as a critical contingency variable that influences the construction, use and effectiveness of HR systems (Colakoglu, Lepak, & Hong, 2006; Lepak et al., 2005; Schuler & Jackson, 1987). According to the strategic HRM approach, strategies serve as a reference point for aligning HRM in the organization (Baird & Meshoulam, 1988; Delery & Doty, 1996). Yet in NPOs, rather than strategy being primarily linked to maximizing shareholder value as in for-profit organizations, strategies in NPOs are ambiguous as NPOs pursue multiple bottom lines and often vague social goals (Frumkin & Andre-Clark, 2000; Moore, 2000). In NPOs, strategic orientations are driven by the importance of unique values, missions, and social outcomes (Kellock Hay et al., 2001; Salipante & Golden-Biddle, 1995). As multiple stakeholders often have heterogeneous interests, conflicting needs and differing views of these organizational values and goals, strategies are subject to different interpretations in NPOs (Speckbacher, 2003; Stone, Bigelow, & Crittenden, 1999). As a result, compared to for-profit organizations, it can be more difficult to achieve a vertical fit in HRM in NPOs (Lepak & Snell, 2002). Furthermore, aligning HRM to strategies in NPOs is complicated by their resource constraints in which short-term funding prohibits a long-term perspective (Rau, 2011). Varying internal and external stakeholder expectations about the organization's goals can also hamper achieving consistency among HR practices that scholars within the strategic HRM realm have deemed necessary for attaining performance outcomes (Beer et al., 1985; Delery & Doty, 1996). Reacting to pressure in their external operating environments, some NPOs are converging in their HRM with for-profits by imitating their HR practices (Parry et al., 2005; Rodwell & Teo, 2004). Taken together, similar to the strategic HRM research in for-profit organizations, we assume that HR architectures in NPOs will vary according to the organization's strategic orientation. In light of distinguishing nonprofit characteristics related to values, mission, goals and stakeholders, we expect differences in the use of HR practices and the overall construction of HR architectures in NPOs (Akingbola, 2006; Cunningham, 2010a; Ridder & McCandless, 2010; Teo & Rodwell, 2007).

Drawing upon the RBV, the second dimension HR orientation is based on the assumption that firm-specific investments are made into human capital in ways that create value for the organization (Barney & Wright, 1998). HR practices are organizational capabilities through which the firm achieves desired employee behaviors that contribute to the strategic goals of the firm. These HR practices within the HR architecture are designed and applied with regard to the specific characteristics of employees in order to effectively acquire, develop and retain these human resources (Lado & Wilson, 1994; Lepak & Snell, 1999; Wright et al., 2001). In contrast to for-profit organizations with their functional perspective of human resources being valuable when they allow the firm to achieve a competitive advantage (Barney, 1991), the view of human resources in NPOs is assumed to be decoupled from this market-related logic (Eaton, 2000). In line with this understanding of resources, NPOs will differ from their for-profit counterparts in their HR principles (the stated values, beliefs, and norms about what drives employee behaviors) that guide their view of human resources, as well as their overall goals for managing human resources (Arthur & Boyles, 2007; Colbert, 2004). Indeed, empirical studies corroborate that employees in the nonprofit sector have different needs, motivations, and reward preferences (De Cooman, De Gieter, Pepermans, & Jegers, 2011; Rau, 2011). Reviewing the research on the specific characteristics of HR in NPOs reveals a strong emphasis on the employees' intrinsic motivation with employees being willing to exchange extrinsic rewards for intrinsic and relational incentives (Borzaga & Depedri, 2005). Resulting from their HR principles and the specific characteristics of their human resources, in contrast to for-profit organizations, NPOs rely heavily on their mission for attracting and retaining employees (Brown & Yoshioka, 2003; Kim & Lee, 2007). HR practices in NPOs can be expected that strongly emphasize employee participation, empowerment, autonomy and well-being rather than individual reward structures as in for-profit organizations (Nickson, Warhurst, Dutton, & Hurrell, 2008; Rondeau & Wagar, 2001). Taken together, the RBV suggests that NPOs can have an HR orientation that focuses on the specific characteristics of employees given their intrinsic motivation and competencies, with HR practices aiming at enhancing these attributes. Differences in the construction of HR architectures can be assumed to arise from the organization's view of its human resources and the extent to which it considers the specific characteristics of their employees in the application of their HR practices (Ridder & McCandless, 2010).

Thus far, we have outlined the basic assumption that the HR architecture in NPOs varies according to the organization's emphasis on its strategic and HR orientations. As NPOs can differ in their focus on their values, missions, goals, and external stakeholder demands as well as vary in addressing the motivational foundations of their employees, both the dimensions of strategic and HR orientations can be considered along a continuum that ranges from low to high. These dimensions are not considered to be mutually exclusive as organizations apply a broad variety of HR practices for different reasons that do not align solely with the strategic or HR orientation. As the degree of emphasis on each dimension can vary, we assume that the combination of the two dimensions with a high and low differentiation leads to four ideal types of HR architectures in NPOs. Juxtaposing these low and high dimensions along the strategic and HR orientations, the following four quadrants emerge that represent ideal types of HR architectures in NPOs, as depicted in Fig. 1.

In conjunction with the nonprofit literature, we term the four types administrative, motivational, strategic and values-based HR architectures. The ideal type "Values-based HRM" is scored as the maximum value on both first-order constructs and



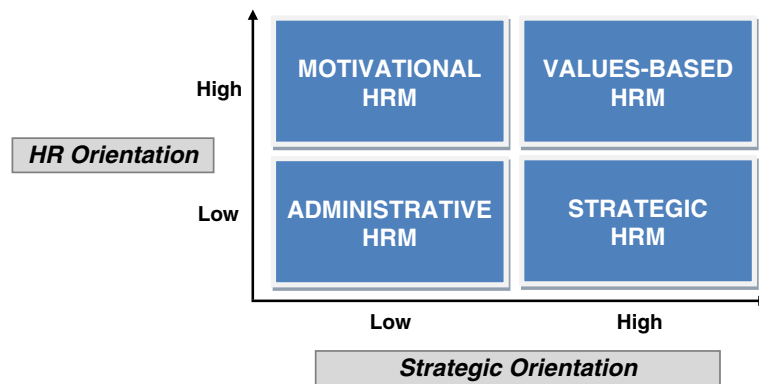


Fig. 1. Types of HR architectures in nonprofit organizations.

represents NPOs in which highly motivated employees can align their work with long-term strategic goals, since the mission and core expertise is balanced with employees' needs in the configuration of HRM (Salipante & Golden-Biddle, 1995). In contrast, "Administrative HRM" signifies NPOs which regard employees as a cost factor, investing little in their HRM (Conway & Monks, 2008; Cunningham, 2010a). This type is therefore scored as the minimum value on both dimensions. "Motivational HRM" marks the minimum value along the strategic orientation and the maximum value of the HR orientation. Proceeding from the assumption that employees in the nonprofit sector have differing motivations given their stronger nonmonetary orientation and commitment to the organizational values and mission, HRM is internally directed towards these employees' needs (Benz, 2005; Borzaga & Depedri, 2005). Finally, "Strategic HRM" encompasses NPOs that link HRM with their strategic goals stemming from often conflicting external stakeholders and internal pressures related to organizational growth and survival (Cunningham, 2010b; Guo et al., 2011; Jäger & Beyes, 2010).

### 3.2. Second-order factors: HR programs and HR practices

The four outlined ideal types can be understood as complex phenomena that must be described in terms of multiple constructs; therefore, we specify the underlying second-order factors. In order to identify second-order factors that define the HR architectures, we reviewed the HRM literature grounded in strategic HRM and the RBV. Two fundamental second-order factors, namely HR programs and HR practices were identified from this review. Whereas HR programs refer to the set of formal HR practices such as selection, training, appraisal and compensation used in the organization, HR practices are understood as the employees' appraisal of their implementation in the organization. Most studies addressing the HRM-performance linkage focus on the HR programs component of HR architectures, either as single practices or systems of HR practices (Arthur & Boyles, 2007). As seen in the strategic HRM literature drawing on the notion of a horizontal fit, researchers agree that integrated and coherent systems of mutually reinforcing HR practices, rather than single practices, have a positive impact on performance outcomes (Dyer & Reeves, 1995; Huselid, 1995; MacDuffie, 1995). Research on HR systems has been conducted under many different labels such as control and commitment HR systems (Arthur, 1994), high performance work systems (Huselid, 1995), and human capital enhancing HR systems (Youndt, Snell, Dean, & Lepak, 1996). Although the specific HR practices included in HR systems vary considerably across studies (Becker & Gerhart, 1996; Dyer & Reeves, 1995), researchers concur that practices such as selective staffing, intensive training and development programs, employee involvement, and performance-related pay should be among them (Arthur, 1994; Huselid, 1995; MacDuffie, 1995).

Prior research drawing on strategic HRM and the RBV suggests that the design of an HR program and its sophistication is related to the organization's strategic orientation and HR orientation (Arthur & Boyles, 2007; Colbert, 2004; Lepak et al., 2005). Here, the degree of sophistication of HR programs can vary depending on, for example, the amount of HR investments (Lepak & Snell, 2002; Toh, Morgeson, & Champion, 2008; Truss, 2001; Youndt et al., 1996), vertical and horizontal alignment of HR practices (Guest, 1997; MacDuffie, 1995), and percentage of the workforce covered (Guest, Michie, Conway, & Shehan, 2003; Huselid, 1995). For example, in most empirical studies HR systems have been operationalized as an additive index of HR practices. These HR systems increase in value by increasing the number of practices within the system or by using the practices in an HR system in a more comprehensive approach (Lepak & Snell, 2002).

Yet, the potential differences between the intended and actually implemented HR programs also have to be considered when conceptualizing about HR architectures (Arthur & Boyles, 2007; Boselie et al., 2005; Wright & Boswell, 2002). This distinction highlights that not all intended HR programs are implemented, and those that are may be used in ways that differ from the initial intention (Khilji & Wang, 2006). Moreover, there is often a gap between rhetoric and reality with respect to differences between HR managers' and employees' perceptions about the diffusion, availability or quality of HR practices (Boselie et al., 2005; Kuvaas, 2008; Truss, 2001). Employees are often not even aware of the existence of an HR program or they are actively discouraged from

participating by managers, leading to this program rarely being used if there is not a supportive climate (Arthur & Boyles, 2007). In accordance with Arthur and Boyles (2007: 80), we therefore define HR practices as “the implementation and experience of an organization’s HR programs by lower-level managers and employees”. Prior research indicates that employees’ appraisal of HR practices in terms of their quality of implementation, availability and fairness is ultimately an important yardstick for their effectiveness (Boselie et al., 2005; Kuvaas, 2008; Nishii, Lepak, & Schneider, 2008; Truss, 2001). In particular, consistency between intended and implemented HR practices has been shown to increase employee satisfaction which in turn is positively related to organizational performance (Khilji & Wang, 2006).

These findings coincide with the assumption in the HRM literature that the relationship between HR practices and organizational performance is mediated by employee outcomes such as commitment or voluntary turnover. Accordingly, HRM contributes to firm performance by enabling and motivating employees to adopt desired behaviors that help to achieve the organization’s strategic goals (Boselie et al., 2005; Colakoglu et al., 2006; Paauwe, 2009).

Taken together, we identify and conceptualize HR programs and HR practices as second-order factors which define the four proposed ideal types of HR architectures in NPOs. We assume that differences in the sophistication of HR programs, such as the proportion of the workforce covered by these HR programs, or differences in the employees’ appraisal of HR practices, such as their perception of the quality of the HR programs’ implementation, account for differences between the ideal types. As such, these second-order constructs of HR programs and practices are vital for explaining performance differences stemming from the HR architectures. In the following section, we will further explore these relationships by developing a conceptual model and propositions.

#### 4. Advancing a conceptual model and propositions

Thus far, we have introduced a two-dimensional typology of the configuration of ideal HR architectures in NPOs along the continuum of the strategic and HR orientations. Differences between these ideal types with respect to the second-order factors of HR programs and HR practices are assumed to lead to performance differences in NPOs. As performance effects are likely to stem from the more proximal employee outcomes that are more closely linked to HRM, employee attitudes and behaviors are vital for understanding the relationship between HR practices and outcomes at the organizational level (Dyer & Reeves, 1995; Paauwe, 2009; Wright & Boswell, 2002). Thus, we propose that the relationship between organizational performance and the HR architectures is explained by the mediating HR outcomes, as depicted in Fig. 2.

In the following section, we delineate this conceptual model in detail and clarify the relationships between its constructs by developing theoretical propositions. In developing these propositions, we broadly link empirical evidence from the nonprofit sector to the theoretical backgrounds of strategic HRM and RBV. The first set of propositions explains the construction of HR architectures in NPOs. This entails assumptions that the four HRM types differ in the degree of sophistication of their HR programs and, consequently, in their employees’ appraisal of HR practices. Stemming from the variation in these second-order factors, a second set of propositions is developed that make assertions about the impact of these HR architectures on performance.

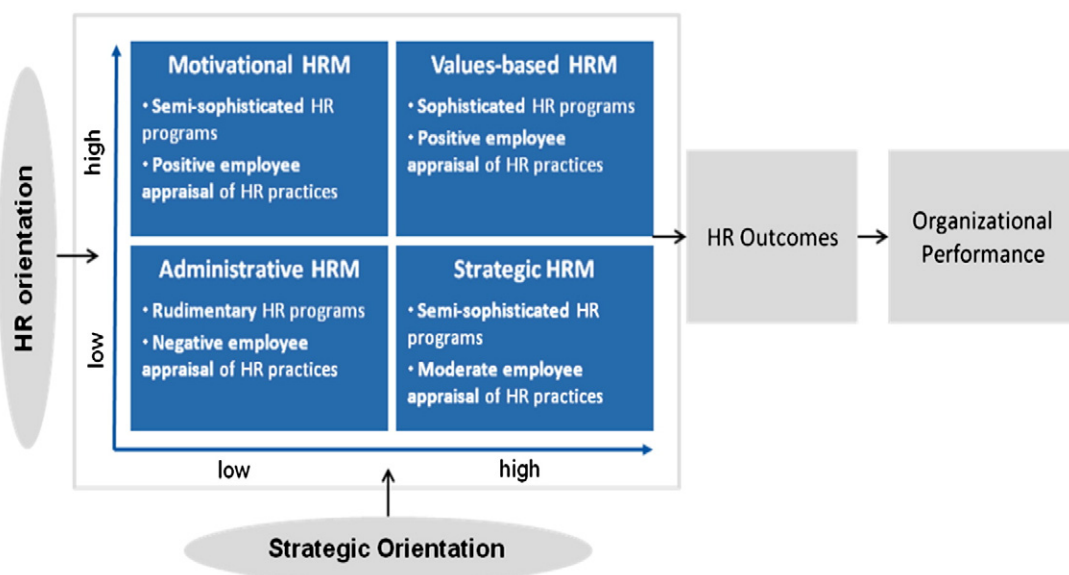


Fig. 2. A conceptual model of HR architectures and their effects in nonprofit organizations.

Table 1  
Differentiation in HR architectures in nonprofit organizations: the underlying second-order factors.

	HR Programs			HR Practices		
	HRM investments (Ratio of human resource staff to total employees; number, quality and intensity of HR practices applied)	Alignment of HR practices (Degree of vertical and horizontal fit of HR practices)	Proportion of workforce covered (Percentage of employees covered by the firm's HR practices)	Perceived quality of implementation (Employees' perceived understandability and usefulness of HR practices)	Usage by employees (Visibility, availability and consistency over time of applied HR practices)	Perceived fairness (Employees' perceived equality of access to HR practices)
<b>Administrative HRM</b>	low	weak	small	low	low	low
	Rudimentary HR programs			Negative employee appraisal of HR practices		
<b>Strategic HRM</b>	moderate	strong	small	moderate	high	low
	Semi-sophisticated HR programs			Moderate employee appraisal of HR practices		
<b>Motivational HRM</b>	high	weak	large	moderate	high	high
	Semi-sophisticated HR programs			Positive employee appraisal of HR practices		
<b>Values - based HRM</b>	high	strong	large	high	high	high
	Sophisticated HR programs			Positive employee appraisal of HR practices		

#### 4.1. HR architectures in NPOs

In line with the HRM literature outlined above, we assume, first, that with regard to the second-order factor of HR programs, the degree of sophistication of these programs (ranging from rudimentary to sophisticated) varies between the four ideal types. Accordingly, the sophistication of an HR program depends on the amount of HR investments (e.g., the ratio of human resource staff to total employees, the number, quality and intensity of HR practices applied) (Huselid, 1995; Lepak & Snell, 2002; Truss, 2001; Youndt et al., 1996), vertical and horizontal alignment of HR practices (Guest, 1997; MacDuffie, 1995), and percentage of the workforce covered (Guest et al., 2003; Huselid, 1995). Second, we assume that concerning the second-order factor of HR practices, the employees' appraisal of HR practices (ranging from negative to positive) differs between the types. This perceptual category entails the quality of implementation, usage and fairness of HR programs (Kuvaas, 2008; Truss, 2001; Wright & Boswell, 2002). Table 1 depicts the differentiation in HR programs and HR practices across the four HR architectures as well as the operationalization of these second-order factors. In light of these differences in the degree of sophistication of HR programs and employees' appraisal of HR practices, we develop propositions about the configuration of each architecture type.

##### 4.1.1. The configuration of administrative HRM

First, in NPOs with a low strategic and HR orientation (administrative HR architecture), resource allocation in HRM functions mainly as a response to funding pressures with the aim of cost reduction. In resource-based terms, the low HR orientation entails that human resources are not viewed as valuable and unique resources that the organization develops in ways that create value (Boxall, 1996). HRM research shows that to the extent that employees are viewed as replaceable given their generic skills, it can be expected that management seeks short-term employment relationships that reduce costs, leading to low HR investments (Bryant & Allen, 2009; Lepak & Snell, 2002). Findings by Toh et al. (2008) confirm that organizations with a low employee orientation are likely to do little in terms of investing in their employees and adopting sophisticated HR practices such as mentoring or performance appraisal, thereby being termed 'cost minimizers'. Indeed, nonprofit research corroborates that HR programs in administrative HRM are characterized by cuts in pay and conditions, staff reductions, intensified workloads and increasing reliance on volunteers and atypical employment forms like temporary, short-term contracts (Akingbola, 2004; Alexander et al., 1999; Palmer, 2003). As a result of the view of employees as cost-factors, it can be assumed that only a small proportion of the workforce is covered by HR practices that go beyond the basic HR functions of hiring and compensation. Empirical evidence in NPOs suggests that even when HR practices such as training and career development are offered, they are not specifically aligned to

the needs and values of the employees (Conway & Monks, 2008; Cunningham, 2010a). Moreover, strategic HRM research has shown that organizations can effectively fit their HR systems with their overall strategy when these strategic goals are clearly formulated and implemented (Baird & Meshoulam, 1988; Beer et al., 1985). Yet, as administrative NPOs are driven by the short-term demands posed by their operating environments, they lack a clear long-term strategic perspective. This can be seen in these NPOs merely imitating HR practices from the for-profit or public sectors (e.g., best practices in selection and training) without aligning these practices to the existing HR practices or the organizational strategy (Akingbola, 2006; Cunningham, 2001; Palmer, 2003; Parry et al., 2005). Overall, these findings are consistent with research in the strategic perspective that firms with a short-term focus pursue a cost reduction approach in HRM (Schuler & Jackson, 1987).

Prior research in HRM shows that employee attitudes are impacted negatively by HR practices that are viewed to reduce costs or exploit employees rather than enhance service quality and employee well-being (Nishii et al., 2008). Nonprofit research confirms that the dominant influence of funding priorities on the adoption of HR practices can lead to dissatisfaction, resistance and discontent among staff in administrative-oriented NPOs (Akingbola, 2004). Administrative NPOs poorly implement their HR practices, as seen in the failure of these NPOs to enquire about systematic training needs amongst their employees or provide staff replacements when employees are in training courses (De Prins & Henderickx, 2007). Stemming from low HR investments, empirical evidence is provided that these NPOs fail to create a supportive climate that encourages the usage of these HR practices (Rondeau & Wagar, 2001). As the employees lack access to HR practices, it is unlikely that these HR practices will be perceived as fair when employees do not receive what they feel they deserve for their contribution (Bowen & Ostroff, 2004). Thus,

**Proposition 1a.** NPOs with an administrative HR architecture are more likely to have rudimentary HR programs and a negative appraisal of HR practices by the employees given their low strategic and HR orientation.

#### 4.1.2. The configuration of strategic HRM

In NPOs with a high strategic orientation and a low HR orientation (strategic HR architecture), previous research reveals HRM is dominated by a market logic in these NPOs. Viewed from the contingency approach (Beer et al., 1985; Schuler & Jackson, 1987), HR programs are designed to focus on and mutually reinforce organization-specific strategic goals. HRM is strongly aligned with strategic goals related to different external stakeholders, with evidence highlighting that HR programs support relations between the organization and its clients (Borzaga & Depedri, 2005; Borzaga & Tortia, 2006). Adopting the principle that employees are important in terms of their contribution to the organization's goals, strategic NPOs use their beliefs about what drives employee behaviors and how rewards should be allocated as a guideline in the design of the HR programs (Arthur & Boyles, 2007; Colbert, 2004). As a result, HR programs are focused on the allocation of rewards based on measurable output criteria in the expectation that these reward systems can lead to higher employee productivity (Brandl & Güttel, 2007). This is one reason for the dissemination of pay for performance systems in the strategic HR architecture (Carroll, Hughes, & Luksetich, 2005; Gray & Benson, 2003; Hallock, 2002). As these organizations engage in selective investments in their human capital, such as selective staffing and talent management, only moderate HRM investments are made with a small proportion of the workforce covered by HR practices (De Prins & Henderickx, 2007; Rodwell & Teo, 2004). These findings are in line with research by Lepak and Snell (1999, 2002) which highlights that firms strategically differentiate their workforce according to the characteristics of the value and uniqueness of their human capital. HR programs are seen first and foremost as instrumental to dealing with the organization's strategic imperatives, thereby relegating the specific needs of the employees secondary.

Given this functional importance of employees in achieving the organization's strategic goals (Barney & Wright, 1998; Coff, 1997), these employees are encouraged in their usage of HR practices. Yet, empirical evidence reveals contradictory findings about the employees' perception of these strategically-oriented HR practices in terms of their usefulness or fairness in NPOs. On the one hand, research highlights the negative effects of control-oriented practices such as pay for performance systems on employee satisfaction, motivation and commitment (Cunningham, 2005; Deckop & Cirka, 2000). Conceptual work on HRM systems grounds the low perception of the fairness of such merit pay systems in the equity rules by which rewards are distributed differently to employees (Bowen & Ostroff, 2004). As employees build perceptions about the behaviors that are expected and rewarded by management, this collides with the culture in NPOs in which principles of equality and equal treatment of employees may dominate (Theuvsen, 2004). On the other hand, emphasizing relational aspects to external stakeholders is shown to be positively perceived by the employees, resulting in an increase in their desire to stay with the organization (Borzaga & Tortia, 2006). This is in line with conceptual work on HR systems which maintains that employees value HR practices for their perceived relevance to fulfilling the organization's goals (Bowen & Ostroff, 2004; Nishii et al., 2008). In sum,

**Proposition 1b.** NPOs with a strategic HR architecture are more likely to have semi-sophisticated HR programs and a moderate appraisal of HR practices by the employees given their high strategic and low HR orientation.

#### 4.1.3. The configuration of motivational HRM

NPOs with a high HR orientation, but a low strategic orientation (motivational HR architecture) demonstrate an HR architecture characterized by nonmonetary HR principles that are in line with employee values and intrinsic motivations. Proceeding from the assumption in the RBV that employees are valuable human resources (Barney, 1991; Coff, 1997), it can be expected in NPOs that the strengths and needs of intrinsically motivated workers are taken into account which in turn drives the development and application of HR practices (Ridder & McCandless, 2010). According to the configurational approach (Becker & Gerhart, 1996; Colbert, 2004), the HR principles in the motivational HRM can be expected to lead to HR programs that cultivate the



consensus-oriented cooperative culture and participatory structures that are valued by the employees in NPOs. Indeed, research in the realm of HRM shows that highly people-oriented organizations (e.g. firms that emphasize collaboration, supportiveness, information sharing, respect, and tolerance) are characterized by extensive, long-term investments in a broad range of HR practices that foster employee involvement and development (Toh et al., 2008). Nonprofit studies corroborate that these NPOs have HR programs that focus on internal development of employees, promotion, participation and extensive training that invests highly in the unique strengths, qualifications and expertise of the HR pool to elicit and maintain their commitment to the organization (Hayden & Madsen, 2008; Nickson et al., 2008). Research from the nonprofit sector shows the use of benefits such as flexible working arrangements, career mobility and work-family policies in order to retain employees (Barbeito & Bowman, 1998; Benz, 2005; Pynes, 1997). From a resource-based perspective, extensive investments into human resources that consider their individual needs provide a twofold benefit for the organization: not only do these specific investments build upon the knowledge, skills and capabilities of employees, but they also create firm-specific resources that are difficult for competitors to imitate (Coff, 1997; Lado & Wilson, 1994). Rather than strategically differentiating amongst the workforce to reach performance-related goals (Lepak & Snell, 1999), HR programs in the motivational NPOs typically cover a large proportion of the workforce (De Cooman et al., 2011). In HRM research the notion of horizontal fit is strongly linked to certain employee outcomes that the organization seeks to achieve by bundling mutually reinforcing HR practices (Guest, 1997; Huselid, 1995). Yet motivational NPOs focus more on individual needs than the desired employee behaviors when designing their HR programs; therefore, these programs are often weakly horizontally aligned. Furthermore, to the extent that these NPOs are missing the yardstick of precisely formulated organizational goals, nonprofit research shows that motivational HRM lacks in vertical fit as well (Akingbola, 2006).

Given the lack of a clear reference between the HR practices and the employees' tasks, these practices are perceived as limited in their usefulness. Nevertheless, it can be assumed that given the availability and equal access to these practices across the workforce, HR practices are positively appraised by employees in terms of their ease of usage and fairness (Bowen & Ostroff, 2004). Research in HRM suggests that employees develop beliefs about the extent to which their organization values their contributions and cares about their well-being (Nishii et al., 2008). For example, investments in employees through the extensive use of HR practices signal that the organization recognizes and appreciates the employees' contribution (Allen, Shore, & Griffeth, 2003; Kuvaas, 2008). Evidence from the nonprofit sector supports that employees are attracted to work in NPOs that respect their mission in the way that they operate, including their HRM (Brown & Yoshioka, 2003; Cunningham, 2005; Kim & Lee, 2007). Therefore,

**Proposition 1c.** NPOs with a motivational HR architecture are more likely to have semi-sophisticated HR programs and a positive appraisal of HR practices by the employees given their low strategic and high HR orientation.

#### 4.1.4. *The configuration of values-based HRM*

Finally, in NPOs that have a high strategic and HR orientation (values-based HR architecture), HRM is driven by both the core values of the mission and the employees' strengths. From the perspective of the RBV, organizations gain advantages from drawing on their internal resources through deep employee involvement in strategy development (Boxall, 1996). Nonprofit research supports that their knowledge and capacities aid in formulating strategies that leverage the NPO's distinctive values in order to compete with for-profit providers (Frumkin & Andre-Clark, 2000). This entails that managers are aware of interactions with both their complex internal environment as well as their often contradictory external environment in terms of diverse stakeholder demands (Chadwick-Coule, 2011; Jäger & Beyes, 2010). From a theoretical perspective, aligning HRM strongly with the strategic goals as well as employees' needs is assumed to result in HR programs characterized by a long-term focus and an intensive use of commitment-oriented practices that cover a large proportion of the workforce (Arthur & Boyles, 2007; Colbert, 2004). Research in the realm of HRM suggests that such commitment approaches to HRM forge links between organizational and employee goals to achieve the desired employee behaviors and attitudes (Arthur, 1994). Research from the nonprofit sector indicates that high investments in HR programs that support the acquisition, development and retention of highly qualified and satisfied employees are not only seen as a means to achieve the organization's strategic objectives but also as a goal in and of itself (Akingbola, 2006; Ridder & McCandless, 2010). By making firm-specific investments into the capabilities and knowledge of their heterogeneous employees, values-based NPOs are able to effectively develop their resources in ways that contribute to achieving the organization's mission and are difficult for competitors to imitate (Barney, 1991; Wright et al., 1994). Empirical research reveals values-based reasons for selecting HR practices that fit the NPO's core mission, suggesting that these HR practices are perceived by employees as useful, supportive and fair (Eaton, 2000). In particular, the internal consistency amongst the commitment-oriented HR practices allows for employees to receive coherent messages about the organization's expectations with regard to employee behavior that is integral for the employees to effectively complete their tasks (Nishii et al., 2008). Moreover, employees' positive view of the usage of HR practices in values-based HRM can also be seen in the availability of HR practices that are offered consistently over time (Bowen & Ostroff, 2004). In sum,

**Proposition 1d.** NPOs with a values-based HR architecture are more likely to have sophisticated HR programs and a positive appraisal of HR practices by the employees given their high strategic and HR orientation.

The aforementioned propositions will provide us with further insight on the HR programs and HR practices that define the HR architectures in NPOs. In the following, we focus on the impact of the HR architectures on HR outcomes and organizational performance.

#### 4.2. Impact of HR architectures on performance in NPOs

HRM is assumed to affect organizational-level outcomes indirectly through its impact on employees' competences, attitudes and behaviors (e.g., Boselie et al., 2005; Dyer & Reeves, 1995; Paauwe, 2009; Rogers & Wright, 1998). We propose that the outlined differences with respect to the design of HR programs and their perception by employees result in performance differences between the four ideal types. In our conceptual model, we therefore differentiate between HR outcomes and organizational performance. HR outcomes refer to employee skills, attitudes, job satisfaction, motivation, commitment and turnover.

Furthermore, there is a broad consensus that the financial outcome measures predominantly applied in for-profit research are not appropriate to evaluate the performance of NPOs (Herman & Renz, 1999; Kendall & Knapp, 2000). Instead, mainly non-financial measures such as mission attainment, client satisfaction, resource acquisition, service quality, efficiency or productivity are suitable to assess organizational performance in the nonprofit realm. As most studies rely on single performance measures, the use of more comprehensive, multidimensional performance indicators has been increasingly advocated for capturing how effectively and efficiently NPOs work (Baruch & Ramalho, 2006; Sowa, Selden, & Sandfort, 2004). While effectiveness describes the achievement of objectives with respect to different stakeholders, efficiency refers to rates of resource usage in achieving these objectives (Rogers & Wright, 1998). In conjunction with our theoretical perspectives and empirical evidence from the nonprofit literature, we develop propositions about the performance outcomes of the four delineated HR architectures.

##### 4.2.1. Performance implications of administrative HRM

First, as outlined above, administrative HR architectures are characterized by rudimentary HR programs and a negative appraisal of HR practices by employees. NPOs with an administrative HR architecture have been demonstrated to lack a synergistic relationship amongst the existing HR practices or to the organizational strategy (Akingbola, 2006), which has been shown to be critical to achieving organizational performance in the strategic HRM literature (Delery & Doty, 1996; Huselid, 1995; MacDuffie, 1995). In merely imitating best practices from the for-profit and public sectors, administrative type NPOs are precluded from achieving the same effects on organizational performance given that the contribution of these practices is highly context dependent and thereby difficult to replicate (Becker & Gerhart, 1996; Guest, 1997). Moreover, administrative type NPOs emphasize short-term employment relationships designed to reduce direct labor costs and improve efficiency (Palmer, 2003; Parry et al., 2005). Nonprofit research has demonstrated that the administrative HR architectures have a negative impact on employee outcomes (Cunningham, 2001, 2005), resulting in recruiting less qualified staff, staff turnover, low employee morale and a decline in employee commitment. For example, lacking a long-term strategic perspective in the uncertain funding environment has led to a strong reliance on project based funding that results in challenges in recruiting and retaining employees in administrative NPOs (Akingbola, 2004; Nickson et al., 2008). In particular, research from the RBV perspective has highlighted that difficulties in retention can have negative consequences for the organization's performance given the loss of valuable, firm-specific knowledge (Chadwick & Dabu, 2009; Lepak & Snell, 1999).

The negative effects on HR outcomes can be largely traced back to the attributions employees make about HR programs as strategic HRM research asserts that the employees' perception of HR practices in terms of their quality of implementation, usage and fairness is an important indicator for their effectiveness (Bowen & Ostroff, 2004; Nishii et al., 2008). Basically, it is assumed that HR practices are only effectual when they are perceived as such (Allen et al., 2003; Khilji & Wang, 2006; Kuvaas, 2008; Truss, 2001). The application of administrative HR programs has been associated with detrimental effects on employee outcomes because these practices signal to employees a low level of organizational support (Allen et al., 2003; Kuvaas, 2008). Particularly in the context of NPOs, the dominant cost-cutting rationale behind administrative HRM is shown to be contradictory with the social goals and values of employees (Cunningham, 2005), thereby damaging employee attitudes and behavior. Given the aforementioned arguments,

**Proposition 2a.** Among the proposed HR architectures in NPOs, an administrative HR architecture is likely to lead to a low organizational performance through the mediating variable of HR outcomes.

##### 4.2.2. Performance implications of strategic HRM

Second, strategic HR architectures are assumed to encompass semi-sophisticated HR programs and a moderate appraisal of HR practices by employees. Research highlights that these NPOs are mostly focusing on market-related demands. For example, aiming to achieve performance outcomes such as administrative efficiency, operating efficiency, resident satisfaction and reputation, pay for performance systems are used in strategic NPOs (Brickley & van Horn, 2002; Carroll et al., 2005; Gray & Benson, 2003; Rodwell & Teo, 2004; Rondeau & Wagar, 2001; Werner & Gemeinhardt, 1995). Yet, strategic NPOs often fail to consider whether the applied HR practices fit the needs and individual goals of nonprofit employees, which can have detrimental effects on the motivation, satisfaction, and commitment of the employees (Brandl & Güttel, 2007; Theuvsen, 2004). In particular, research highlights a crowding-out of intrinsic motivation for employees who had a high intrinsic motivation before the merit pay program and who experienced an increase in control by pay (Deckop & Cirka, 2000).

Nevertheless, despite the perceived low organizational support, there are also certain characteristics of strategic HR architectures that are positively valued by employees. As mentioned above, the emphasis on career advancement and relational aspects to external stakeholders such as clients is shown to be valued by the employees, resulting in increased employee retention (Borzaga & Tortia, 2006; Kim & Lee, 2007). Given the functional view of their human resources as strategic assets (Coff, 1997), strategic NPOs signal recognition of employee contributions to the organization's strategic goals (Allen et al., 2003; Kuvaas, 2008). According to the strategic HRM perspective, when employees perceive that the intended goals of HR practices align with important strategic concerns of the

organization, high levels of satisfaction and commitment are likely to ensue (Boxall, Ang, & Bartram, 2011; Nishii et al., 2008). In this regard, the powerful combination of vertical and horizontal alignment of HR practices in strategically-oriented NPOs can be expected to have a positive influence on employees' perception of the usefulness or strength of HR programs (Bowen & Ostroff, 2004). Given the aforementioned results with regard to employee retention, organizational performance is expected to be higher than in the administrative HR architecture. However, the emphasis on market-related demands and financial goals can occur at the expense of the employees' values and individual needs in the strategic HR architecture. Thus,

**Proposition 2b.** Among the proposed HR architectures in NPOs, a strategic HR architecture is likely to lead to a medium organizational performance through the mediating variable of HR outcomes.

#### 4.2.3. Performance implications of motivational HRM

Furthermore, motivational HR architectures are characterized by semi-sophisticated HR programs and a positive appraisal of HR practices by employees. As reflected in the dominant emphasis of these organizations on investments in the internal development of employees and long-term employment relationships (Akingbola, 2006; Ridder & McCandless, 2010; Watson & Abzug, 2005), in resource-based terms these valuable employees provide NPOs with a human capital advantage over other organizations (Boxall, 1996). In this respect, the emphasis on HR programs in the motivational HR architecture is assumed to shape desired employee behaviors and attitudes by signaling that an organization is committed to its workforce (Allen et al., 2003). In particular, the perception that the organization an individual works for supports and cares about its employees has been shown to be positively related to HR outcomes such as job satisfaction and commitment to change in NPOs (Borzaga & Tortia, 2006; Conway & Monks, 2008). Studies demonstrate that the employees' positive perception of the HR programs leads to employee retention and satisfaction given the rewarding work, high levels of autonomy and responsibility, variety and creativity of work, positive organizational culture with supportive colleagues, and management support (Borzaga & Depedri, 2005; Kim & Lee, 2007; Nickson et al., 2008). Furthermore, empirical evidence from the nonprofit sector indicates that intensive employee training and development is related to higher levels of employee morale and lower employee absenteeism (Rondeau & Wagar, 2001).

Yet, the quality of HR programs in these NPOs can be questioned since their focus is on employees' well-being, oftentimes at the expense of strategic intent (Akingbola, 2006). Indeed, the strategic perspective strongly asserts that depending on different strategies, HR practices have to be consistent and in line with the firm's strategy in order to affect the organizational performance (Delery & Doty, 1996; Youndt et al., 1996). Not only in light of the aforementioned positive HR outcomes, but also given the lack of vertical and horizontal alignment,

**Proposition 2c.** Among the proposed HR architectures in NPOs, a motivational HR architecture is likely to lead to a medium organizational performance through the mediating variable of HR outcomes.

#### 4.2.4. Performance implications of values-based HRM

Finally, values-based HR architectures are likely to entail sophisticated HR programs and a positive appraisal of HR practices by employees. In values-based HRM, NPOs invest in developing their employees' skills and maintain a focus on their HR in strategic decision-making processes as a means to accomplish their mission and goals. According to the strategic perspective, the organizational performance of values-based organizations arises from their emphasis of both vertical (Delery & Doty, 1996) and horizontal fit (Huselid, 1995; MacDuffie, 1995). Empirical findings reveal a fit between HR practices and the organization's model of care, leading to specific high quality outcomes. This research suggests that a values-based HR architecture links a bundle of HR practices to the organizational strategy and management philosophy in order to achieve quality outcomes, rather than merely reforming key HR practices alone (Eaton, 2000). From a resource-based perspective, designing HR practices that are strongly coupled to the organization's historically developed mission creates firm-specific human assets with idiosyncratic skills and knowledge that are not easily transferrable to other organizations. To the extent that the values-based HR programs develop firm-specific human capital, they can enhance employee retention and contribute to organizational performance (Coff, 1997; Lado & Wilson, 1994; Lepak & Snell, 1999).

As outlined above, investments in mutually reinforcing HR programs in the values-based type are shown to strengthen the perceived organizational support of employees which is in turn expected to lead to favorable HR outcomes (Allen et al., 2003; Kuvaas, 2008). Moreover, evidence suggests that employees' attitudes and behaviors are influenced by the attributions they make about management's purpose in implementing HR practices (Nishii et al., 2008) as well as their perception of the quality of implementation (Khilji & Wang, 2006). For example, the strong emphasis on relational aspects to external stakeholders as well as the employees' needs in terms of autonomy, creativity and management support that is characteristic for values-based NPOs is shown to be perceived positively by the employees (Borzaga & Tortia, 2006). In sum,

**Proposition 2d.** Among the proposed HR architectures in NPOs, a values-based HR architecture is likely to lead to a high organizational performance through the mediating variable of HR outcomes.

Taken together, we expect that differences in the HR architectures will lead to differences in organizational outcomes which are mediated by HR outcomes. To our knowledge, this is the first attempt to relate specific HR architectures to organizational outcomes in NPOs. As such, we advance beyond the extant studies investigating single HR practices and their effects which currently dominate the nonprofit literature.

## 5. Discussion and conclusion

As NPOs face challenges in operating effectively and efficiently, it is necessary to focus on the linkage between HRM and performance. This paper analyzed how and why HR architectures are configured in NPOs and their impact on HR outcomes and organizational performance. Going beyond the current nonprofit research which focuses on the effects stemming from single HR practices, we adopt a holistic perspective on the configurations of interrelated HR practices by introducing a typology of four ideal HR architectures in NPOs.

This paper represents the first foray into examining how the distinguishing characteristics of NPOs shape their HR architectures. Based on our conceptual model, we have developed several propositions intended to enhance the understanding of the relationships among factors central to the construction of HR architectures and their impact on HR outcomes and organizational performance. Integrating insight from strategic HRM and the RBV bodies of work has been fruitful in generating these empirically based suppositions about differences in the architecture of HRM in NPOs. Further empirical investigation, however, is needed on how these constructs and relationships differ across NPOs that vary in size, field and culture and to what extent this framework is applicable to organizations in the for-profit sector as well.

Our paper makes several important contributions to the literature. By advancing a more holistic view of HRM in NPOs, this paper takes a first step in addressing the complexity of HR architectures in terms of their underlying components. Rather than viewing these components in isolation of each other, we propose that their interconnectedness can yield a better understanding of how and why HRM influences performance. In line with research suggesting that the effects of HR practices may stem from the synergies arising from interrelated HR practices (Becker & Huselid, 2006; Delery & Doty, 1996; Fiss, 2007), our model can shed light on how the full profile of each HRM type is related to outcomes by examining the pattern of multiple independent variables.

In this respect, one of the further benefits of our framework is that it accounts for the distinction between HR programs and HR practices. Our view of HR architectures encompassing the second-order factors can prove fruitful in going beyond an examination of the mere presence and number of HR practices or amount of HR investments in NPOs (Guo et al., 2011) to also consider the quality of HR practices applied in addition to employees' perceptions about the implementation of these HR practices (Arthur & Boyles, 2007; Boselie et al., 2005; Kuvaas, 2008). Thus, our paper contributes to understanding the mechanisms by which HRM impacts performance by directing attention to the potential divergence between management's intended HR practices and employees' experience of their implementation.

Our paper raises a number of avenues for future research. Given the lack of empirical data on HR practices in NPOs, our model can guide future researchers in providing the necessary qualitative and quantitative evidence on the relationships suggested by our propositions, thereby contributing to our knowledge of the actual configurations of HR architectures that arise from different combinations of strategic and HR orientations. For example, additional research may devote empirical attention to the classification of NPOs based on the degree of proximity that their particular HR architecture exhibits to the identified ideal types. Furthermore, this paper has made progress in systematically identifying and developing the constructs within the HR architectures. In-depth case study research can elaborate and further refine these underlying second-order factors that are key for analyzing the intervening processes in the HRM–performance link by providing fine-grained rich data (Boselie et al., 2005; Boxall et al., 2011; Paauwe, 2009; Truss, 2001). Furthermore, by linking phenomena across different levels of analysis, our model fosters future empirical work testing the assumption HR outcomes such as employee commitment, satisfaction and turnover can better account for how the HR architectures are related to performance outcomes, such as quality and productivity in NPOs.

A managerial 'take-away' of this paper is that NPOs can use this typology to position themselves into one of the four quadrants to assess whether their focus is mainly dominated by strategic orientations, that is, situational factors such as the goals and stakeholder demands of the organization, or whether their emphasis is more towards an HR orientation in terms of the human capital which needs to be procured and developed to achieve advantages. This can aid managers in thinking about their HRM in terms of balancing strategic goals with the needs and motivations of their employees. Finally, the distinction between HR programs and HR practices can draw managerial attention to the gap between that which is espoused versus the HR practices that are truly operationalized in the NPO.

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