Corporate governance and strategic human resource management

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Connecting corporate governance and strategic human resource management: Four archetypes and proposals for a corporate sustainability alternative

Abstract

In this paper we develop a new theoretical approach connecting strategic human resource management (SHRM) to different models of firm-level corporate governance. By asking questions concerning ownership and control issues in the corporate governance literature and drawing on institutional logics, we build an integrative framework that identifies four firm-level archetypes of corporate governance systems. Two archetypes represent dominant logic types (shareholder value, communitarian stakeholder), while the other two represent hybrid organizations (enlightened shareholder value, employee-ownership). Using these archetypes, we theorize the implications of different governance structures for SHRM and the challenges they pose. We conclude by discussing a novel solution to many of these challenges based on the corporate sustainability literature, and, in so doing, provide new directions for SHRM research to tackle some of challenges facing organizations and the management of people.

Keywords

Corporate governance; Strategic human resource management; Institutional logics; Hybrid organizations; Corporate sustainability.

INTRODUCTION

A central focus of strategic human resource management (SHRM) concerns the relationship between people management policies and practices and the business strategy of organizations (Huselid and Becker, 2011) but a number of commentators have highlighted the failure of this literature to engage with the wider context in which firms, strategy, human capital and human resources (HR) actors are embedded (Delbridge and Keenoy, 2010; Shen, 2011; Wright, Coff and Moliterno, 2014). In particular, the literature has failed to integrate recent work on different modes of how firms are governed that represent highly important conditioning influences on firms' investments in human capital and how people are managed in organizations (Gospel and Pendleton, 2005).

This lack of integration is puzzling since how firms conceptualize and approach corporate governance has fundamental implications for SHRM. For example, Daily, Dalton, and Canella Jr. (2003: 371) define corporate governance as "the determination of the broad uses to which organizational resources will be deployed and the resolution of conflicts among the myriad of participants in organizations". Similarly, Aguilera, Filatotchev, Gospel, and Jackson (2008: 475) define it as the "mechanisms to ensure that executives respect the rights and interests of company stakeholders, and that those stakeholders are held accountable for acting morally and responsibly for the generation, protection and distribution of wealth invested in the firm". Despite such clear statements of scope, to date we have little understanding of the ways in which governance modes and SHRM choices and the implementation of these choices are associated.

Given the centrality of the corporate governance system to how resources are deployed and managed, and the potential importance of the role HR choices play in maintaining or changing governance approaches, there is a need to understand how both concepts interact.

Three important questions emerge. First, what effect does the choice of governance mode have on the way people are managed in a firm? Second, how do certain HR practices affect the governance approach of a firm? Third, what are the traditional and non-traditional ways in firms are governed and what are the implications of these for the management of people?

In this paper we develop a typology to explain the linkages between choice of corporate governance mode and SHRM choice. With theories of institutional logics as our foundation (Delbridge and Edwards, 2013; Friedland, 2012; Friedland and Alford, 1991; Thornton, Ocasio, and Lounsbury, 2012), we present four ideal-typical archetypes of corporate governance and SHRM: (a) a market-based, agency-led shareholder value model (b) a relational, communitarian stakeholder model; (c) a strategy-led enlightened shareholder value model, and (d) an employee-ownership model. The shareholder and stakeholder models are familiar ideal types but (c) and (d) represent hybrid ideal types. Hybrid organizations (c.f. Battilana and Lee, 2014; Pache and Santos, 2010, 2013) have become increasingly common in addressing issues of the types of organizational complexity promoted by pluralistic demands (Aoki and Jackson, 2008; Greenwood, Raynard, Kodeih, Micelotta, and Lounsbury, 2011). Such organizational forms are important in governance literature and practice addressing different ways of dealing with the agency problem at one extreme (Dalton et al., 2007), and the problem of excessive democracy at the expense of managerial efficiency at the other (Kaarsemaker, Pendleton, and Poutsma, 2010; Lan and Heracleous, 2010). To build our typology, we draw on the concept of `institutional complementarities' (Aoki and Jackson, 2008; Hall and Soskice, 2001), defined as mutually constitutive relationships between institutional logics at societal, field, and organizational levels, to link the four corporate governance archetypes to ideal-typical approaches in SHRM.

Following our development of the typology we extend our theorizing to offer a new approach that deals with many of the challenges associated with the previous four archetypes, and provides a way forward to deal with the impact of organizations on current and future generations of stakeholders. This proposed answer to these challenges has its origins in calls for corporate sustainability (Benn, Dunphy, and Griffths, 2014; Linnenluecke and Griffiths, 2010; Mayer, 2014) and socially responsible human resource management (Aguinas and Glavas, 2012; Shen and Benson, 2014) as over-riding principles of good governance.

Our paper makes three contributions to existing theory on governance and SHRM. First we contribute to the literature on corporate governance by showing the impact of governance choice on how people are managed within organizations. Our typology elucidates the linkages between choice of governance mode and the mode of SHRM, deepening our understanding of the effects of governance through the organization. Further we answer calls to develop our knowledge of non-traditional corporate governance by highlighting hybrid organizations in our typology and their impact on the structure and management of people within the firm (Besharov and Smith, 2014; Delbridge and Edwards, 2013; Greenwood et al., 2011). Second, we contribute to the literature on SHRM by showing, through our classification, how the choices of HR actors on the SHRM approach can reproduce the governance mode of the firm, extending previous perceptions of the influence of HR in how a firm is configured. Moreover, through clarifying the link between SHRM and corporate governance, we deepen our understanding of the dimensions of strategy that SHRM is intended to include. Third, through our development of the linkage between SHRM and sustainability, we respond to calls for more normative theorizing in governance (Suddaby, 2014) and offer a novel approach to the combination of both corporate governance and SHRM. This approach focuses on creating a model of governance-SHRM linkages that embody the principles of corporate sustainability.

Our paper is structured as follows. First, we outline issues in corporate governance and the control of resources. Then we develop our typology of corporate governance and SHRM archetypes. In the Discussion section, we present our normative theorizing on corporate sustainability and SHRM. We conclude with directions for future research.

CORPORATE GOVERNANCE: INTERESTS AND CONTROL

To structure our discussion, we address two related questions raised by particular corporate governance researchers (Blair and Stout, 1999; Davis, 2009b; Huse, 2009; Jensen, 2001; O'Brien, 2006; Starbuck, 2014) and neo-institutional theorists regarding the politics of institutional contradictions (Almandoz, 2014; Friedland, 2012; Friedland and Alford, 1991; Lok, 2010; Suddaby and Greenwood, 2005). The first question deals with the ownership problem: whose rights and interests are, or should be, paramount in a firms' corporate governance approach—shareholders who have contractual property rights in the business, or other members of the community directly or indirectly affected by a firm's activities both now and in the future (Aguilera et al., 2008; Gospel and Pendleton, 2003; Janssens and Steyart, 2012)? The second question deals with the control problem: how do a firm's governance structure and approach create an appropriate balance between control to ensure that the executives who run firms act in the interests of financial investors (Dalton et al., 2007; Hansmann, 1996), and commitment to other stakeholders who commit their long-term economic and social capital and whose continued participation is vital to the continued operation of the firm (Mayer, 2014)?

Combining these two questions in Figure 1, we locate both the dominant logic archetypes and hybrid archetypes. The latter characterize governance systems that attempt to deal with the excesses created by (i) a market logic that underpins agency-led shareholder value, and (ii) a democratic logic that underpins the communitarian stakeholder archetype. These are, respectively, a strategy-led enlightened shareholder value (Lok, 2010; Martin and Gollan, 2012), and an employee-ownership archetype (Kaarsemaker et al., 2010; Pierce, Rubenfeld, and Morgan, 1991; Lampel, Bhalla, and Jha, 2014). As both Aoki and Jackson (2008) and Besharov and Smith (2014) argue in different ways, logics within hybrid organizations may lead to either contestation (extensive conflict) or relative alignment (minimal conflict), depending on the compatibility of the multiple logics in practice. Thus, we highlight the different challenges that these two hybrid archetypes are likely to present for both corporate governance and SHRM.

Insert Figure 1 about here

ELEMENTS OF CORPORATE GOVERNANCE AND SHRM

We have created our framework by plotting the archetypes in columns against specific 'elemental categories' or building blocks (Thornton et al., 2012) of our theory in rows (see Table 1). The elemental categories reflect three levels of analysis: societal, organizational, and functional. We describe in turn what each elemental category constitutes before applying the elements concurrently to describe the archetypes that emerge.

Insert Table 1 about here

Societal Level: Institutional Logics

We use the notion of institutional logics to locate firm-level governance logics and structures in societal, inter-institutional orders (Friedland, 2012; Friedland and Alford, 1991; Suddaby and Greenwood, 2005; Thornton et al., 2012; Westphal and Zajac, 2013). Throughout the paper, we draw on Thornton et al.'s (2012: 2) definition of institutional logics as "the socially constructed historical patterns of cultural symbols and material practices, including assumptions, values and beliefs, by which individuals and organizations provide meaning to their daily activity, organize time and space, and reproduce their lives and experiences". The two primary societal level logics of corporate governance on which we focus are the market-based capitalist logic and the democratic-participative logic, both of which feature in the original formulation of institutional logics by Friedland and Alford (1991).

Firm-Level: Structure

In addressing the question of how these societal-level logics constitute corporate governance and SHRM at the firm level, we draw on neo-institutionalist theorizing in organizational studies, combining the notions of hybrid organizations (e.g. Battilana and Lee, 2014; Pache and Santos, 2013) and institutional carriers (Scott, 2008). This work leads us to explore three elements at the firm level: core corporate governance logics, inter-organizational relationships, and the cultural cognitive system.

Core corporate governance logics. Corporate governance models are often typified as a choice between two opposites: shareholder and stakeholder value models. This dichotomy epitomizes the two questions posed in this study: whose rights and interests are, or should be, paramount in a firms' corporate governance approach, and how do a firm's governance structure and approach create an appropriate balance between board control and stakeholder commitment? The answers to these questions are embedded in a firm's core corporate governance logics. For example, shareholder corporate governance logic involves maximizing shareholder returns by controlling boards and aligning managerial interests to those of shareholders (Appelbaum and Batt, 2014), whereas the stakeholder logic aims to achieve a more balanced approach to control, representing the interests of diverse stakeholders (Canals, 2010). Hybrid logics fall between these two extremes, balancing control through less-shareholder driven boards and encouraging a broader range of stakeholder participation (Lampel et al., 2014).

Inter-organizational relationships. Hybrid organizational theorists argue that the greater the number and complexity of relationships that an organization has with other organizations, the more likely it is to resemble a hybrid organization (Battilana and Lee, 2014; Kraatz and Block, 2008). From a governance perspective, and in line with resource dependence theory (Pfeffer and Salancik, 1978), the reliance on different financing structures represents our primary source of difference among firms here. As Gospel and Pendleton (2003: 574) argue: "the sources and types of finance, the objectives of financial providers and the means by which they attempt to secure them" are major factors in shaping the management of labor.

The cultural-cognitive system. Scott (2008: 222) describes the cultural-cognitive system as one of the principal means of embedding institutional logics into an organization as an institutional carrier, "which emphasizes the centrality of symbolic systems: the use of common schemas, frames, and other shared symbolic representations that guide behavior". Such schemas and frames of reference shape how institutional actors focus their attention, which, as Thornton et al. (2012) propose, depends on the availability and accessibility of information concerning the logics embedded in the organization. Organizational culture is an important carrier of meaning, for as actors engage in organizational activities, enact its structure and interact with others inside and outside of its boundaries, they also create and reproduce patterns of shared meanings and values (Battilana and Lee, 2014). Values are thus the core of institutional logics and their associated material and symbolic practices (Friedland, 2012).

In the field of employment studies, one of the most notable accounts of such cultural schemas is the unitarist-pluralist distinction developed by the British industrial sociologist, Alan Fox (1974), which has been revived in current writing on institutional pluralism (Kraatz and Block, 2008), organizational trust (Siebert et al, 2015) and SHRM (Van Buren et al., 2011). Unitarism sees the organization as an integrated and harmonious hierarchy in which the notion of team spirit and a pursuit of a shared common purpose through mutual cooperation is a natural state of organizational affairs; in contrast, conflict in all its forms is seen as a disease to be cured through effective communications and ridding organizations of sectional greed among workers. Essentially it is paternalistic frame of reference that demands the loyalty of all employees to a managerial agenda and rejects the legitimacy of labor unions as stakeholders. In contrast, pluralism sees an organization as made up of often divergent sub-groups each legitimately pursuing their own sectional aims and interests, albeit within a framework of rules and consensus concerning the long-term survival and prosperity of the organization. From this perspective, conflict is seen in a much more positive light and, if managed effectively, is capable of simultaneously producing dynamic stability and transformation in the institutional framework of organizations.

Functional Level: SHRM

SHRM represents patterns of management strategies and practices that result from actor agency in the business system. Normative models of SHRM have been conceived in the literature in various ways. The first approach is a hard/soft distinction that poses different routes to achieving business objectives (Legge, 1995/2005). The second approach is to distinguish between control/calculative SHRM and high commitment/collaborative SHRM and their associated practices (Appelbaum, Bailey, Berg, and Kalleberg, 2000; Gooderham, Parry, and Ringdal, 2008). The practices associated with the former categories include those that are intended to attain employee compliance and those that are intended to ensure employee efficiency. Such a perspective is often associated with Fordism, which has been a dominant mode of work organization since the 1920s combining work practices associated with Taylorism and control through technology (Sabel, 1982).

In contrast, the high commitment/involvement bundles of so-called high performance work practices emphasize extensive investment in human and social capital, internal labor markets, employee involvement and voice, self-managed teams, employee ownership, and a reduction in status differentials. This latter model is best exemplified by Beer and colleagues' (1984) 'Harvard model', which recognizes the need for employees to be treated as stakeholders in the firm.

Both of these approaches, however, can be criticized because of their use of simplistic binary opposites. Thus, following Guest's (1999) cautionary note, we wish to propose that many organizations pursue both hard and soft HRM strategies simultaneously depending on organizational strategy, with much the same criticism being levelled at the control and commitment distinction. Moreover, as critical management scholars have also argued (Keenoy, 1999), SHRM practices are never exclusively hard or soft, nor control or commitment-based; instead they embody elements of hardness and control, and softness and commitment simultaneously because of their mutual interdependence. Finally, we propose that, the signals such practices send out, how they are perceived by employees and, importantly, how they are bundled together to form an HRM strategy are contingent on the institutional context in which they embedded.

CONNECTING CORPORATE GOVERNANCE AND SHRM

Applying an institutional logics lens as a method of analysis, firm-level corporate governance logics are often deeply embedded in societal level logics (Thornton et al., 2012). In turn, these corporate governance logics constrain HR actors' cognitions at the individual/group level, which also draws on their identities and frames of reference to produce decisions on how best to manage people. Through a process of negotiation and communication, these individual decisions made by HR managers are enacted as organizational SHRM approaches and sets of material and symbolic practices. Institutional complementarity occurs when such organizational level approaches and practices in the area of people management help reproduce corporate governance logics at the level of the firm. In turn, similar SHRM approaches and practices of firms can reproduce field-level and even societal-level governance logics.

Drawing on the elemental categories, we now describe the archetypes presented in Figure 1. The detail of each archetype is summarized in Table 1. We argue that the four ideal-types are central to understanding how organizations operate in society, how people are managed within them, and how and why the approach to SHRM tends to reproduce these archetypes in a dynamically stable manner. We also point out the challenges created by these archetypes for SHRM practice. Finally, however, we also wish to engage with normative theorizing by proposing a corporate sustainability perspective as a guide to tackle many of the problems associated with the archetypes.

(1) Agency-led Shareholder Value

Institutional logics. This first archetype is based on shareholder primacy principles, in which company boards only exercise their wealth generation, protection, and distribution roles in the economic interests of the company shareholders (Lan and Heracleous, 2010). This perspective has a strong technical/rationalist underpinning based on Friedman's (1970) classical free-market dictum that companies maximize social welfare by using resources and engaging in activities that maximize profits over time, so long as they do so "in open and free competition without deception or fraud" (ibid.: 4).

Core corporate governance logics. Dominated by a capitalist market logic (Zajac and Westphal, 2004), which prioritizes the property rights of ownership, this corporate governance model emerged in the 1980s as a means of resolving the agency problem (Dalton et al., 2007). Such resolution largely rested on the use of high-powered incentives to align managerial agents with shareholders (Jensen and Meckling, 1976; Lok, 2010). It also drew on transaction cost economics and the efficient markets hypothesis to justify market–based forms of governance structures and the importance of share price movements as a guide to value creation (Cooper, 2009). These ideas have dominated economic thinking and board governance, particularly in the Anglo-Saxon economies. (Davis, 2009a; Locke and Spender, 2011; Stout, 2012).

The contribution of agency theory to this way of operating cannot be underestimated

(Khurana, 2007). Agency theory viewed share prices as the best guide to the future worth of the firm through the efficient markets hypothesis (Jensen and Meckling, 1976). It further proposed that societal-level welfare could only be maximized by capitalizing on shareholder value (Friedman, 1970). Managerial agents sometimes followed their natural self-serving interests, however, which were potentially harmful to shareholders unless they were strictly supervised and incentivized—so-called agency loss (Jensen and Meckling, 1976). Thus the main aim of corporate governance research shifted to solving the agency problem through governance mechanisms designed to constrain opportunistic managerial actions by linking managerial pay to shareholder value and to appoint independent directors who would be able to stand up to powerful executives (Withers, Hillman, and Cannella, 2012). Related governance research has focused on legal and technical arguments about board structure, composition, and rewards to ensure that managerial agents act in the best interests of shareholders (e.g. Dalton and Dalton, 2010).

Inter-organizational relationships. The degree of complexity of financial relationships has been low, traditionally relying mainly on institutional investors and, more recently, new sources of finance, including hedge funds, private equity and sovereign wealth funds operating within largely unregulated financial markets at least in Anglo-Saxon economies (Buchan et al., 2012; Lok, 2010). Nevertheless, as, researchers have pointed out (Mayer, 2014; Pendleton and Gospel, 2013), different kinds of equity investors have varying objectives and legal rights in controlling company management, especially in countries outside of the influence of British and American corporate law. Typically, however, this reliance on equity investment has been associated with short-termism (Applelbaum and Batt, 2014), an active market for corporate control (Mayer, 2014), a focus on 'lean thinking' and internal labor market flexibility to control fixed costs (Thompson, 2011).

Cultural-cognitive system. This is best described as embracing a unitary frame of reference (Fox, 1974), which emphasizes social order and hierarchy as a natural state of affairs, in which only shareholders' interests matter. In doing so, it treats conflict over the notion of shareholder value as a disease to be cured, thus rendering the notion of stakeholders as irritants in the system and emphasizes traditional bureaucratic organization exercised through hard power (Courpasson, 2000; Courpasson and Clegg, 2006).

SHRM approach. Such institutional influences are consistent with a control/calculative SHRM perspective to ensure employee compliance and efficiency. Typical practices include close supervision, and regular assessment and discipline through 'hire and fire'. There is also strict internal labor market segmentation that distinguishes high value-adding and scarce employees (a so-called exclusive talent management approach), performance-based pay, job evaluation and job specifications, and other practices in which there is a quantifiable element in the legal and psychological exchange relationships between employer and employee.

The focus on a control/calculative approach to SHRM creates strategic fit with business objectives and internal fit amongst HRM policies (Beer, Spector, Lawrence, Mills, and Walton, 1984). For the majority of shareholder value-governed firms, this also led to attributions of success to celebrity, charismatic leaders (Grint, 2009), typically CEOs and independent directors, who were frequently recruited from a small inner circle (Withers et al., 2012). These leaders were seen as a critical part of wealth generation, but only when constrained from pursuing their natural self-interest by active markets for corporate control and by linking their pay to share performance (Khurana, 2002).

Challenges. A number of critics of shareholder value models (Aoki and Jackson, 2008;

Appelbaum and Batt, 2014; Davis, 2009a, 2013; Gospel and Pendleton, 2013) have argued that people management is heavily influenced by different forms of finance in a number of ways, including investor threats to sell equity if business strategies are not to their liking, time frames for returns and the methods used to calculate returns, the extent to which business strategies stress financial aspects and cost leadership, the approach to securing employee commitment and engagement, and the extent of inter-firm cooperation.

For example, HR decisions to implement an exclusive talent management approach results in disproportionate economic rents being secured by an exclusive group of high value-adding employees (Martin, Gollan, and Grigg, 2011). For the majority, however, this approach to SHRM is often associated with little more than compliance with legislative requirements on issues such as pay and diversity, the (re)introduction of transactional contracts focused on short-term employment relationships, and directed primarily at performance outcomes (Cappelli, 1999). Employees become socially constructed (and, in some cases, construct themselves) as 'human capital' or 'human resources' rather than ' resourceful humans' (Wright and MacMahan, 2011). The short-term profits focus of the traditional shareholder value model prevents long-term investment in training and well-being initiatives, as evidenced especially in liberal market economies of the UK and the USA (Davis, 2013; Konzelmann, Conway, Trenberth, and Wilkinson, 2006). In brief, this SHRM approach promises to deliver short-term financial returns, rather than incurring the costs associated with investing in long-term human and social capital (Groysberg, 2010). As such firms operating with this approach often developed a low trust dynamic between employer and employees (Appelbaum, Batt and Clark, 2013; Fox, 1974).

(2) Strategy-led Enlightened Shareholder Value

Institutional logics. Dissatisfaction in some quarters with the dominant market logic underpinning shareholder value (Lok, 2010), along with a perceived need to present shareholder value in a more acceptable light with key stakeholders, resulted in this hybridized model of corporate governance (Janssens and Steyart, 2012; Pache and Santos, 2013; Thornton et al., 2012). We have labeled this a strategy-led, enlightened shareholder value archetype that addresses both market and democratic logics.

Core corporate governance logics. This emergent model is associated with changing legal obligations and new codes of practice. These include disclosure of information concerning corporate board workings with key stakeholders, directors acting in the interests of the corporation as a whole, and recent pressures placed on firms to take the interests of the community and social obligations into account (Shen, 2011).

Huse (2009) has described this as a strategy-led form of governance, in which boards and directors have been exhorted to take a more active role in managing the long-term direction of organizations rather than restricting themselves to monitoring firm performance in the interests of, increasingly, short-term investors. Indeed much of the impetus for this strategy-led enlightened perspective has come from long-term institutional investors and shareholder pressure groups seeking to invest in corporate social performance and reputations as well as economic performance (Cox, Brammer, and Millington, 2004). Freeman et al. (2004), key proponents of strategy-led stakeholder theory have argued, regardless of the ultimate aim of a corporation, managers and boards have no option but to have regard for key stakeholders whose legitimate interests are affected by, and affect, what the corporation does and how it is managed.

Inter-organizational relationships. The changes in legal obligations have resulted in a much more complex set of inter-organizational relationships that need to be considered beyond those of investors. Jensen (2001), one of the original authors of agency theory, belatedly recognized that long-term value maximization has to engage employees and managers, as well as other key stakeholders. He argued that an enlightened theory needs firms to specify long-term value maximization as their mission, set out a single (not a balanced) dimensional score for measuring performance that reconciles different stakeholder interests, and for boards and managers to work together to create strategies that will achieve this mission.

Cultural-cognitive system. Despite drawing on some 'soft' pluralist rhetoric and principles, however, we argue that the cultural-cognitive system in this strategy-led enlightened shareholder archetype remains essentially a variant of unitarism, designed to rescue shareholder value as the overarching goal of firms (Van Buren and Greenwood, 2013). Thus, this enlightened perspective still represents a hierarchical form of governance, casting corporate boards and senior executives as the pre-eminent actors in corporate decision-making (Lan and Heracleous, 2010). Moreover, in some versions (e.g. Jensen, 2001), it is still committed to shareholder value maximization as the single most important measure of firm and managerial performance. However, it also places a moral obligation on boards and senior executives to treat all employees with dignity and respect (Ferrary, 2009; Adams, Licht, and Sagiv, 2011).

SHRM approach. Compared to the agency-led shareholder value archetype, the enlightened version is associated with a softer and more inclusive form of HR rhetoric on talent management and the engagement of the non-core workforce (Boxall and Macky, 2009; Lok, 2010). We see this SHRM approach as a hybrid, involving high commitment/collaborative practices and control/calculative practices. This rhetoric seeks to create high trust relations and the conditions for employees to display self-driven commitment and assume greater responsibility for their own behavior rather than being compliant with managerial control initiatives.

The enlightened shareholder value model can be described as a compromise by firms embracing a market logic that remains dominant in its governance functioning but, nevertheless, are able to reconcile it with a, somewhat less central, democratic logic arising from demands and expectations of stakeholders (Besharov and Smith, 2014; Pache and Santos, 2013). A structure and culture of 'soft' bureaucracy (Courpasson, 2000; Courpasson and Clegg, 2006) is at the heart of this model. Soft bureaucracy, however, is not meant to convey a rejection of traditional hierarchical principles associated with a unitarist view of the firm, but occurs when "centralization and entrepreneurial forms of governance are combined" (Courpasson, 2000: 131). Such softening of bureaucracy follows from incorporating key professionals and other scarce, high value-adding employees into decision-making (Courpasson and Clegg, 2006). It is also a result of protecting and attempting to engage more vulnerable, arguably less value-adding and scarce employees through inclusive, high-commitment HRM practices (Boxall and Macky, 2009).

Challenges. The increasingly influential exclusive talent management approach to human capital does not sit comfortably with an inclusive version of talent management for all segments of the workforce. The tensions of competing institutional logics for SHRM here are clear. Corporations are faced with the 'wicked problem' for which there is no permanent solution (Rittel and Weber, 1973) in attempting to pay disproportionately high rewards to an exclusive group of core employees, while simultaneously attempting to promote distributional fairness and inclusivity as principles of talent management (Martin et al., 2011). Thus, critical

HRM theorists have suggested that this enlightenment project is little more than sophisticated image management (Edwards, 2010). Clegg, Harris, and Hopfl (2011) have argued that it is a form of 'persuasive propaganda' designed to send 'honest' signals to employees that management cares about them by espousing an inclusive talent rhetoric, but which are frequently seen as 'dishonest' by employees as a result of firms pursuing exclusive talent management policies in practice (Legge, 1995/2005). An even more skeptical reading sees this soft power approach, often based on high commitment principles, as a manipulative disguise of an organizational agenda that seeks to intensify work. This approach guarantees the job security enjoyed by a small core of high value-adding and unique staff at the expense of job insecurity among a much larger number of non-core, readily substitutable employees and contractors (Ramsay, Scholarios, and Harley, 2000).

As such, these criticisms point to a response by firms to competing logics as a de-coupling strategy (Pache and Santos, 2013), by which organizations appear to conform to demands for stakeholder involvement but do not attempt to do so at an operational level. Trust relations under such a regime might be described as calculative, whereby employees have little faith in boards to act in their best interests and show only limited willingness to trust senior managers (Fox, 1974).

(3) Communitarian Stakeholder Archetype

Institutional logics. This archetype, like the agency-led shareholder value archetype, is based on a dominant societal logic, but, in this case, it is the democratic logic. Both of the previous shareholder value-based archetypes originate from Anglo-Saxon legal systems (Blair and Stout, 1999), the American business model, and U.S.-influenced SHRM research (Batt and

Banerjee, 2011), the latter of which is firmly located in a unitary ideology of the firm and society (Fox, 1974). In contrast, certain continental European countries and Japan (Adler, 2014; Gospel and Pendleton, 2003; Mayer, 2014) have been characterized by a different version of capitalism associated with a pluralistic, democratic stakeholder logic (Friedland and Alford, 1991; Ferrary, 2009). These coordinated market economies typically recognize a wide range of legitimate interests in the firm, including the rights of employee representative groups to express and co-manage employee interests. As such, a communitarian stakeholder model of corporate governance aims to devise structures to balance diverse interests (Lan and Heracleous, 2010).

In this archetype, firms are considered to have both social and economic consequences as they affect the communities of which they are a part. These social responsibilities are external—towards society at large—and internal—in terms of how employees are treated by managers, given the impact of work on their lives (Chen, 2011). They are not, however, perceived as competing logics: the compatibility and centrality of both social and economic goals are typically aligned (Besharov and Smith, 2014), although there is evidence that this alignment may be subject to significant tensions (Gospel and Pendleton, 2013). For example, in societies such as Germany that reflect a communitarian stakeholder approach, codetermination systems are mandated by law, ensuring an employee representative is present on the supervisory board of management to provide a voice for employees in managerial decision-making. This helps to maintain the economic and social balance in the firm.

Core corporate governance logics. As the most widely debated alternative to the shareholder value model, the stakeholder value model has its origins in criticisms of unfettered free markets (Cooper, 2009; Daily et al., 2003) and neo-institutional theory (Powell, 2007). It proposes that sustainable economic performance of organizations rests on creating more democratic corporate governance structures that attempt to balance the legitimacy claims of a wide range of corporate constituents (Lan and Heracleous, 2010), both from a strategic and moral perspective (Janssens and Steyart, 2012; Noland and Phillips, 2010). This relational perspective (Paauwe, 2009) raises social obligations, especially to employees and wider society, and sustainable value creation to the same (or even greater) plane as economic performance. In essence, this is an argument for patient capital, ensuring that company boards include representatives of all stakeholders, including providers of finance and labor (Kaufman and Englander, 2005; O'Brien, 2006), and making a virtue of incorporating employee voice in key decisions (Gospel and Pendleton, 2005).

Stakeholder theory attempts to address a different set of corporate governance questions from shareholder value, by focusing on community, legitimacy, fairness and tolerance (Laplume, Sonpar, and Litz, 2008; Thornton et al., 2012). It also posits that shareholders are only one class of constituents to take into account and may need to be monitored closely so that they do not follow their natural self-serving interests by exploiting the interests of other stakeholders (Lan and Heracleous, 2010). The role of boards, with the help of their executive teams is to ensure that all interests are balanced, which often translates into concession bargaining, the very essence of pluralism (Fox, 1974).

Inter-organizational relationships. Because of the need to recognize multiple stakeholders and interest groups, inter-organizational relationships tend to be complex. This is the case in the financing of such enterprises, which has traditionally relied on bank loans, internal financing and, in some cases, local and national government investment to fund growth. Such sources of finance, it is argued, allow firms to take a longer-term perspective and deal with the interests of multiple stakeholders (Buchan et al., 2012). This creates a relational-insider system that allow firms to take a patient capital perspective (Davis, 2009a; Pendleton and Gospel, 2013). Stakeholder models, such as those associated with coordinated market economies (Hall and Soskice, 2001), tend to be associated with larger firms, more concentrated ownership, often in family firms, long term debt and so-called ‘thin’ equity markets, loans that provide equity rights, loans between corporations, and under-developed markets for corporate control (Gospel and Pendleton, 2013; Mayer, 2014).

Cultural-cognitive system. This is reflected in executive values that are intended to express trustworthiness through the expression of benevolence and integrity, as well as competence (Mayer, Davis, and Schoorman, 1995), whilst being other-regarding rather than self- regarding (Adams et al., 2011). The system recognizes the value of distributed leadership and the vital role of followership in constructing effective leadership (Thorpe, Gold, and Lawler, 2011). It also focuses on a moral and strategic case for employment diversity and the exercise of corporate social responsibility (Noland and Phillips, 2010). The nature of the cultural-cognitive system in based on pluralist values (Fox, 1974), which accords legitimacy to conflicting interests and recognizes the need for managers to balance these interests to maintain a dynamic long-term stability in the firm.

SHRM approach. Such a system is consistent with a high-commitment-collaborative SHRM approach, in which SHRM structures, processes and actor agency similarly reflect democratic principles of equality, co-determination and involvement of all employees, an inclusive definition of talent, and a regard for long-term sustainability and employment. The high commitment/collaborative SHRM model is based on the relational aspects of the employment contract, such as those that stress employee participation and voice (Boxall and Macky, 2009). The underlying theory is that employee involvement secures employee cooperation and commitment (Farndale, Van Ruiten, Kelliher, and Hope Hailey, 2011). In turn, this involvement improves firm-level outcomes, but only if the benefits from this form of SHRM accrue to both the organization and to most, if not all, employees (Konzelmann et al., 2006).

Pluralist theory puts more emphasis on worker representation in governance, employee participation, long-term investments in employee development and well-being, and investments in social as well as human capital. There is still a requirement for financial returns to investors, but at the same time, there is a perceived need to meet concurrent social demands from social partners. In this context, labor unions are much more active in the SHRM arena, and are seen as legitimate partners for collective bargaining and valued members of company boards. We might refer to the model of SHRM as having a balance of economic and social demands, similar to the enlightened shareholder value model. However, this latter model is driven by a strong underlying profit motive, whereas the communitarian stakeholder model is motivated and enacted more through democratic and humanitarian beliefs in the rights of employees to be treated as valuable and resourceful humans, rather than human resources (Jackson, 2002; Paauwe, 2004). Thus, Clegg, Courpasson and Phillips (2006) label this approach as a developmental ideology that seeks to generate a high trust dynamic between boards and employees (Fox, 1974).

Challenges. Increasingly, stakeholder theory is being proposed as a realistic alternative to the shareholder value model, especially following the global financial crisis, and the growing importance of government in key industries that are vital to economies' national interests (Davis, 2009b; Jensen and Sandström, 2011). In stakeholder economies, focusing on longer-term returns is acceptable due to investors having a long-term relationship with the firm, so striking a greater balance between the interests of labor and capital than under the shareholder value model.

Consequently there is a greater emphasis in SHRM terms on labor interests such as training for high skill levels and job security (Gospel and Pendleton, 2003), and on investment in social capital as a source of innovation (Cappelli, Singh, Singh, and Useem, 2010).

However, stakeholder theory can be said to contradict a basic premise of a capitalist economy, whereby it is not clear which 'stakeholder' is to provide the legitimate objective for the organization to pursue. Specifically, it is unrealistic to expect that all interests of all stakeholders can be equally represented simultaneously (Gioia, 1999). Similarly, taking into account multiple voices can lead to a lack of flexibility, with decision-making process taking considerably longer than in the more short-term shareholder-driven corporate governance model.

(4) Employee-Ownership

Institutional logics. Our second multi-logic hybrid model of corporate governance is employee-ownership. This model has been in existence in modern form since the 1970s in many developed economies, often promoted by governments seeking to align employee (agents) and owner (principals) interests (Hansmann, 1996; Kaarsemaker et al., 2010). Lampel et al. (2014) argue that employee-ownership has been garnering greater attention because of its financial resilience to economic shocks such as the global financial crisis. They attribute such resilience to the mode of governance, characterized by employee involvement and being able to take longer-term time horizons following input and funding from employees. Since most employee-owned businesses operate in liberal market economies, they are, however, also influenced by a capitalist market logic that, from time to time, will come to the fore in shaping organizational decisions and actions that may not always be compatible with the dominant democratic logic.

Core corporate governance logics. Employee-owned firms are likely to be influenced by a corporate logic that embodies managerial capitalism (Lan and Heracleous, 2010), which focuses on managers' concerns with growth and the market position of the firm (Thornton et al., 2012). The underlying aim, however, is to balance the long-term interests of diverse stakeholders by allowing employees to participate in financial and socio-psychological ownership but not necessarily overall control.

Inter-organizational relationships. Employee ownership is not a simple concept and may embrace a range of options and governance systems. These include: social ownership, worker/producer co-operatives, direct ownership, and employee stock option plans, the last of which has been heavily promoted in the U.S. and U.K. (Pierce et al., 1991). A common theme is that a significant number of employees, usually more than fifty percent, are entitled to have a capital stake in the organization, and to have a heightened level of voice and participation (in some form) in the decision-making in the firm (Kaarsemaker and Poutsma, 2006). A corollary of this is that the governance structure is arranged so that employees receive enhanced communication and information and are seen as co-owners, thus embracing a democratic logic as dominant.

Cultural-cognitive system. This is typically based on a pluralist frame of reference, in which competing interests are seen as a natural state of affairs but are sufficiently compatible to be reconciled by employee ownership of stock and social-psychological ownership. Employee-owned businesses are seen to have strong effects on staff attitudes, promoting greater participation and through this encouraging psychological ownership, including increasing employee involvement, workers' responsibilities for their jobs, and levels of trust between senior managers and employees (Lampel et al., 2014).

SHRM approach. Studies have shown that employee-ownership involves a move towards greater adoption of high commitment/collaborative HRM practices. For example, Pendleton and Robinson (2011) showed that employee share ownership plans have a positive relationship with employer-provided training and development. In worker-controlled organizations, Bacon, Wright, and Demina (2004) showed, in a sample of 140 U.K. buy-outs completed between 1994 and 1997, that employee buy-outs caused increased incidence of high commitment/collaborative HRM practices. Such practices included: a more strategic approach to HRM; labor unions recognized for collective bargaining both before and after the buy-out; the protection of employment levels; a greater number of methods used by management to communicate with employees; harmonized terms and conditions; annual appraisals alongside merit pay and employee share-ownership; and employee involvement in quality circles and teams. In prominent cases of employee-ownership, including Mondragon, John Lewis and Lafour (Guy, 2009), these clearly show how an approach to employee participation and involvement is supported by core developmental, progressive HRM practices.

Challenges. The core of employee-ownership may become the subject of dispute resulting from multiple expectations and inconsistent practices (Besharov and Smith, 2014). Thus, the governance challenge focuses on devising a structure that allows employees to participate in financial and social-psychological ownership, while allowing managers sufficient control and flexibility to meet the demands associated with operating in a market economy and the pursuit of growth. Such problems are influenced by the complexity of inter-organizational relationships and the nature of financing of employee-owned businesses. Such arrangements can vary from situations in which employees own all shares, where employees buy out the business, or where owners gift the business to employees through a trust fund, to those in which employees have a minority stake, such as the majority of ESOP schemes.

In addition, alongside the high commitment/collaborative SHRM approach, there is also expected to be evidence of the employee efficiency practices as seen in the control/calculative approach. As noted, the employee-owned business archetype is influenced by a market logic in which employees themselves are looking for financial returns on their investment. We might therefore expect such firms to have practices in place such as performance-based pay, and other quantifiable elements in contractual agreements.

DISCUSSION

We have argued that the approaches to, and enactment of SHRM within an organization is heavily conditioned by the ways in which corporate governance is conceived and enacted. We have also proposed that this governance-SHRM relationship is deeply embedded in societal and organizational level institutional logics (Almandoz, 2014; Friedland and Alford, 1991; Thornton et al., 2012) triggering institutional complementarities (Aoki and Jackson, 2008; Hall and Soskice, 2001). To make our case, we have reasoned from a definition of corporate governance as the arrangements put in place to control the generation, protection, and distribution of the wealth invested in a firm, which identifies the rights and interests of different actors involved, as well as the accountabilities of boards and senior executives. As such, we have developed a typological framework comprising four ideal types of corporate governance derived from the literature, each having major implications for managing employees to the benefit of shareholders or a broader stakeholder group. However, we have also pointed to the sustainability problems inherent in these four archetypes, which call for a new theory of how corporate governance and SHRM could be combined.

To-date, the Anglo-Saxon dominated SHRM literature has clearly emphasized how

SHRM supports the agency-led shareholder value archetype of corporate governance and the principles of agency theory. The challenges of such a model are, however, clear, whereby significant financing decisions largely based on shareholder whims heavily influence SHRM activities (Aoki and Jackson, 2008; Appelbaum and Batt, 2014) and trust in the organization (Appelbaum, Batt and Clark, 2013). Exclusive talent management produces an imbalance between strategically valuable and non-valuable employees, whilst people management is about short-term exploitation of the human resources to the benefit of the firm, largely guided by compliance demands (Wright and MacMahan, 2011).

Such challenges combined with recent events have produced an increased interest in a strategy-led enlightened shareholder value archetype, recognizing the claims and interests of employees, which has led to a greater focus on a high commitment/collaborative SHRM approach (Appelbaum et al., 2000; Gooderham et al., 2008). Nevertheless critics (e.g. Delbridge and Keenoy, 2010; Fox, 1974; Keenoy, 1999; Van Buren et al., 2011) have variously pointed to the sophistry of such theory, especially its inability to restore declining levels of trust in corporations and a genuine employee-focus, and the failure to bring back ethics into management. We have also highlighted the complexity of managing the tensions of such a model from a competing logics perspective. Whilst rejecting the pluralist, legitimacy-led stakeholder model, its one-size-fits-all nature fails to take into account some of the major contingencies facing corporations operating across diverse business systems (Gospel and Pendleton, 2013) and, from a critical HRM perspective, its ideological nature (Delbridge and Keenoy, 2010).

The communitarian stakeholder archetype attempts to redress the balance between control and commitment, giving greater priority to the interests of a broad range of stakeholders. In so doing, it also creates its own set of challenges, namely the ability to actually address this vast rand of interests sufficiently for all stakeholders to remain committed and have their full interests represented. Finally, the employee-ownership archetype again highlights the complexities of hybrid organizations: balancing interests of a specific group of stakeholders—employee-owners—with control issues for management. We argue that a combination of both high-commitment and calculative SHRM are required to strike this balance.

In summary, we argue that there are a number of fundamental corporate governance challenges related to SHRM that cut across each of the archetypes presented here. First, at the societal level, institutional logics theorists point to tensions between a market and democratic logic, and in achieving a balance between the two. Second, at the organization level, the cultural-cognitive systems again switch between unitarist and pluralist goals, supporting short or long-term aims. Finally, the SHRM approach adopted takes on either a control/calculative role, or one focused on high commitment and collaboration. The result of these dichotomies raises issues such as an inherent lack of independence of boards, and a lack of trust between management and employees. Given these varied challenges posed by all four corporate governance archetypes around issues of representing interests and control/commitment, we argue that the corporate sustainability literature can help to explore potential solutions. We explore the various levels of application here.

Our contribution to normative theory in the governance/SHRM literature has its roots in the notion of sustainability in its broadest sense, in what is fast becoming a societal logic that is beginning to shape corporate governance (Dunphy, et al., 2014; Lo and Sheu, 2007). By sustainability as a societal logic we mean a perspective taken by certain societies concerning their own and the planet's long-term survival and prosperity (Dunphy, et al., 2014). This societal logic is reflected in the governance regimes of some large corporations, such as GE, Honda and Toyota, in what has become known as corporate sustainability, which integrates the short and long-term perspectives of firms (Dyllick and Hockerts, 2002). This extends beyond a simple market/democratic dichotomy, introducing other economic, social and environmental sustainability logics.

This logic also extends beyond the sometimes instrumentalist and short-term case for firms to adopt socially responsible policies as a means of securing legitimacy or strategic differentiation (Aguinas and Glavas, 2012; Doh, Howton, Howton and Seagal, 2010). It does so by focusing on actions in the three domains of sustainability—economic, social and environmental. This corporate sustainability model has recently been examined in the governance literature to propose ways in which governance and ownership structures might be changed to meet the aims of sustainable organizations. Mayer (2014) argues that independent management boards are an essential element of sustainable organizations or what he calls 'the trust firm', whose principal objective is to balance the diverse interests of present and future stakeholders. However, board independence and focus on the long term can only be guaranteed if it is accompanied by the establishment of an elected board of trustees, whose principal function is to exercise governance over the commitment of the firm to a sustainable future by establishing a set of corporate values and shaping a culture consistent with corporate sustainability. Such boards of trustees would be elected by shareholders to select directors and oversee the performance of management boards that have to determine the balance between commitment and control objectives.

In a similar vein, a team production legal theory of corporate governance (Blair and Stout, 1999), asserts the need for strong, independent boards to govern not only in the interests of shareholders but to act as 'mediating hierarchies' to maximize the interests of selected stakeholders—internal and external—that create long-term value, risk their human and social capital investments, and have the capacity to provide strategically important information (Lan and Heracleous, 2010). Team production theorists advocate that boards should be more representative of such stakeholders and draw on their expertise, especially those employees, managers and outsiders, who "bring the firm's know-how to the table" (Kaufman and Englander, 2005: 9). This also includes those who incur above average risk to their human and financial investments, which involves developing partnerships through mutual gain agreements on economic, social and environmental issues with key groups of labor (Lucio and Stuart, 2005).

A corporate logic (Gospel and Pendleton, 2003; Thornton et al., 2012), which favors independent boards and the rights of managers to set firm-level strategy, is advocated and can play an important check on the excesses that sometimes accompany market and democratic-participative logics (Lan and Heracleous, 2010). For example, the enlightened shareholder value thinking raises the need for boards to govern on a more sustainable basis, and address criticisms of the egoist ethical basis of agency theory in the hope of restoring declining levels of trust in modern corporations (Gillespie and Dietz, 2009). We draw heavily on the importance of independent boards and executives in emphasizing the potential contribution of corporate sustainability to ensure that current and future stakeholders' interests are taken into account, including those of employees, customers and society at large (Mayer, 2014).

The cultural–cognitive system in the corporate sustainability model is typically based on a pluralist frame of reference that recognizes the legitimate interests of customers, employees, short and long-term investors, suppliers and the communities that are affected by the firms operations, both now and in the future. For example, Linnenluecke and Griffths (2010) have drawn on a competing values framework and Scott and Davis's (2006) open systems model to argue that organizations that are externally-focused and employ flexible structures to coordinate and control their activities and people are more likely to emphasize social and environmental sustainability in their pursuit of corporate sustainability. However, they acknowledge that an integrationist perspective on culture (Martin, 2002), which assumes a firm-level consensus on shared values, beliefs and assumptions, supported by strong leadership is not always possible or, indeed, productive in all contexts. Instead, they propose that a differentiation perspective on culture, which acknowledges the co-existence of different subcultures in which employees may hold different attitudes to corporate sustainability, may be more realistic and lead to greater innovation in the long run. Such an approach is supported by Besharov and Smith's (2014) alignment notion in hybrid organizations.

If firms are able to adopt some of this corporate sustainability thinking we propose that as a result a complementary approach to SHRM would evolve. This approach reflects the potential tensions between a firms' economic, social and environmental aims, its modes of financing (especially the balance between long and short-term investors), and the integrationist-differentiation perspectives on culture. It requires a balancing act in which firms adopt SHRM policies that reflect the needs of a firm to be simultaneously legitimate and different with multiple stakeholders (Bitektine, 2011; Deephouse and Suchman, 2008; Paauwe, 2004). By legitimate, we are referring to the generalized perception of an organization by multiple stakeholders that its actions and cultural attributes are desirable or appropriate from the perspective of a society's socially constructed system of norms, values, beliefs and definitions (Suchman, 1995). Firms in a market-driven economy, however, also require to be differentiated from others in the sense that they are competitive rivals for resources and their ranking in relation to others matters to their short and long-term success. Thus, they have to seek ways of claiming symbolic or material distinctiveness or uniqueness whilst remaining legitimate (Bitektine, 2011; Doh et al., 2010).

In some respects and in certain contexts, the corporate sustainability SHRM approaches will resemble those of the hybrid enlightened shareholder value and employee-ownership archetypes in balancing control and commitment/collaboration. However, we propose that there are also legitimacy issues that also need incorporating, building an internal and external form of moral legitimacy with past, present and future stakeholders (Bitektine, 2011). Based on these ideas on organizational legitimacy and Mayer (2014), and extending the ideas of Shen and Benson (2014) and Wright et al. (2014), we propose here that the high-legitimacy practices associated with such an approach to SHRM might include the following ten elements: (1) focus on creating a high trust dynamic among all levels/types of employment; (2) sustainability, ethics and diversity as key principles of the management of legitimacy; (3) training for high skill levels, including environmental, ethical and diversity issues; (4) a focus on job sustainable employment practices; (5) investment in social capital as a source of innovation; (6) providing for employee voice and employee involvement in a corporate sustainability agenda; (7) employee share ownership linked to long-term commitment to firm and market value; (8) employer branding focused on sustainability, ethics and diversity; (9) preventing negative impact of employee actions on environment, ethics and diversity, and supporting implementation of environment-friendly systems; and (10) performance appraisal and rewards linked to sustainability, ethics and diversity.

CONCLUSIONS

The preceding discussion can be summarized according to the choices of key actors in firms in balancing economic and social legitimacy aims, and the claims and rent-seeking of single interest groups such as those of shareholders or powerful executives versus stakeholders and the wider society in which organizations exist. From a theoretical perspective, to explain this balancing act, we have drawn on institutional logics and institutional complementarities to explore corporations' need for legitimacy. We have also drawn on modern theories of bureaucracy and hybridization (Battilana and Lee, 2014; Besharov and Smith, 2014; Courpasson and Clegg, 2006; Pache and Santos, 2013), which are aligned with these corporate governance theories, to explain the nature of SHRM approaches.

By building archetypes, we have assumed a level of coherence within each archetype that "comes from the consistent relationship between an interpretive scheme and an organization's structure and systems" (Greenwood and Hinings, 1993: 1056). Two of the archetypes are well-known, and can be seen as embracing a single dominant logic central to the organizations' functioning, with others peripheral at best (Besharov and Smith, 2014): the agency-led shareholder value archetype linked to the traditional control/calculative SHRM approach, and the communitarian stakeholder archetype aligned with the high commitment/collaborative SHRM approach. However, our two proposed additional archetypes have multiple logics that vie for attention in relation to the organizations' functioning. The strategy-led enlightened shareholder value archetype attempts to deal with tensions created by the differentiation-legitimacy problems faced by corporations (e.g. Schultz, 2012). As such it is a hybrid, embracing Courpasson's (2000) concept of soft bureaucracy and soft power, and the notion of sophisticated SHRM (Guest, 2001). The employee-ownership archetype is also a hybrid, drawing on democratic and market logics. These hybrid models are tension-laden with a confusion of multiple logics, which if not managed effectively, can lead to system breakdown and demands for change (Besharov and Smith, 2014; Pache and Santos, 2013).

Our integrative framework is typological, which offers conceptually and empirically derived archetypes, answering Snow and Ketchen's (2014) call for new typologies on governance structures and Delbridge and Fiss's (2013) call for typologies in organizational studies. As Doty and Glick (1994) note, in developing theory from typologies, three important steps must be taken. First, the constructs (archetypes) must be identified and incorporate multiple dimensions. Second, relationships among the multiple dimensions within each archetype must be specified (elemental categories). Third, is the requirement of falsifiability; this involves the ability to measure the deviation between actual organizations and the archetypes, and to use this deviation to predict how organizations and individuals behave. This final step of falsifiability requires empirical research to test the integrative framework developed here.

We believe we have provided a starting point for how SHRM researchers might understand the implications of different corporate governance models, which are embedded in societal logics, for their field of study and to apply this in empirical research. The descriptions provided have, however, been at a strategic level, rather than exploring detailed HRM practices. Therefore, there are multiple lines of research that may stem from this initial review. First, researchers may wish to understand more about the extent to which these archetypes exist in practice – the empirical question. Second, we may also want to understand the potential for senior managers and professionals, including HR professionals, whose values and morals are inconsistent with a particular archetype, to lead rather than follow archetypal change (Farndale, et al., 2010). Third, researchers may wish to explore alternative corporate governance archetypes. We have suggested a normative overlaying of corporate sustainability interventions across all archetypes to address some of the challenges that they pose. However, there may also be other archetypes that already address these issues. Thus, for example, focusing on the importance of national business systems and different national legal frameworks regarding incorporation as key influences on corporate governance (Gospel and Pendleton, 2005), Aguilera et al. (2008) propose a context-dependency model of governance: what can we learn from Chinese state capitalism and its governance approaches? To what extent will the global financial crisis and sovereign debt crisis influence the communitarian stakeholder archetype evident in the Eurozone, already under strain from global forces of competition?

Fourth, there is the managerialist model (Lan and Heracleous, 2010), which is both a description of how corporate governance often works in practice (i.e., boards being merely figureheads rubber stamping powerful CEO decisions), and a prescription proposed by some legal theorists of how it should work in the future (i.e. by devising a structure that provides managers with the maximum amount of discretion for innovation, risk-taking, and flexibility). The descriptive version of such a model has been severely critiqued as being associated with the rise of the managerialist 'caste' (Locke and Spender, 2011), governance failure, financial crisis, and spiraling executive pay, especially in situations where regulation has been weak (Varoufakis, 2011). It is also associated with a view of director selection as a socialized rather than rational economic process, which emphasizes biases and other social processes rather than attempts to meet the governance and shareholder needs of firms (Withers et al., 2012).

These are exactly the situations that agency theory, shareholder value, and stakeholder theory have been developed to counteract. Yet the managerialist model does have its proponents, especially if regulatory constraints can be built in to curb excessive managerial power. To some extent, team production theory is an attempt to deal with this issue. Thus, an important line of research could focus on the extent to which SHRM can exercise a rational and moral influence in dealing with these problems of unchecked managerialism by influencing board selection, development and values. The corporate sustainability idea of independent management boards takes this argument one step further. Additionally, are there people in senior HR positions who would be credible and skilled enough to exercise such influence, whether or not formally appointed as board members? A related question concerns the role of diversity in boards and the extent to which SHRM policies on diversity have impacted board selection, values and practice: does this provide a further check on self-serving managerial power?

Finally, future research might also theorize about the kinds of institutional work or internal governance (Hansmann, 1996) undertaken by senior HR managers that reproduces or transforms the corporate governance structures which impinge on SHRM (Lawrence, Suddaby, and Leca, 2009; Kraatz and Block, 2008; Suddaby and Greenwood, 2005), and how they are cast as actors in governance systems (Delbridge and Edwards, 2013). This would move the static representation of archetypes represented here to a more dynamic level. At the structural level, there is also the opportunity to explore how a more dynamic perspective of SHRM strategies and practices may potentially reinforce or change the institutions of corporate governance at societal and organizational field level. For example, just as the shareholder value model has implications for talent management by selecting, developing and rewarding executives whose values fit with entrepreneurship and self-interest, in turn the methods of selecting and incentivizing these executives has had a significant effect on the governance of these corporations (Khurana, 2002).

In summary, the main contributions of this paper have been to refine the traditional shareholder-value versus stakeholder debate into a more rigorous conceptualization of ideal-typical corporate governance-SHRM archetypes, which begins to identify directions for future research on more sustainable models of governance SHRM connections. The framework and reasoning we have presented bring together the corporate governance and SHRM literatures through theories of institutional logics and institutional complementarity. We have done so by addressing four different archetypes, and rather than identifying one as necessarily better than another, uncovering the challenges of each and suggesting sustainability solutions to these challenges. We recognize the tensions between economic and social goals, the long history in organization theory of trying to bring about a balance between them, and the problems this creates for SHRM legitimacy. The archetypes presented here, of course, are ideal types in the sense of being theoretical abstractions rather than normative models. This approach has facilitated reference to a more complex reality for the purposes of contrast and comparison of questions facing practice and research. However, the integrative framework combining a focus on interests and control contributes to extant literature by demonstrating how different archetypes of corporate governance have different implications for SHRM. Finally, we have proposed the basis for an alternative archetype based on the notion of corporate sustainability, which we argue can address some of the shortcomings of the more traditional ways of approaching governance/ SHRM connections. We stopped short of proposing it as a fifth archetype because there is so little that has been written about it, thus creating a fruitful area for further research, including, we hope, research of our own in the not too distant future.

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TABLE 1

Archetypes Connecting Corporate Governance, SHRM and HR Actors

	Agency-led Shareholder Value	Strategy-led Enlightened Shareholder Value (hybrid)	Communitarian Stakeholder	Employee-ownership (hybrid)
Societal level (rules of the game):				
Institutional logic(s) - shape ownership and control issues	Market logic	Dominant market logic, with democratic logic also evident	Democratic logic	Dominant, democratic logic with market logic also evident
Organizational level (structure):				
Core corporate governance logics	Aimed at maximizing shareholder returns by controlling boards through an active market for corporate control, shareholder activism and aligning managerial interests to those of shareholders	Aimed at maximizing longer-term shareholder value by balancing shareholder interests with those of relatively autonomous boards and other powerful stakeholders	Aimed at balancing the diverse, long-term interests of diverse stakeholders by ensuring commitment to the democratic principles of equality, co-determination and involvement.	Aimed at balancing the long -term interests of diverse stakeholders by allowing employees to participate in financial and socio-psychological ownership but not necessarily overall control.
Inter-organizational relationships – financing structures	Short-term focus on hedge funds or private equity investors, cost control and flexibility, eschewing other than minimal interest in stakeholders	Mixed short term and longer term institutional investors - business case for stakeholder management, including partnership, sustainability, and social responsibility but only when aligned with shareholder value.	Longer term institutional and family investors - democratic case for stakeholder management, sustainability, social responsibility, and community involvement.	Longer term investors ranging from schemes through which employees own all shares to those in which employees have a minority stake, such as ESOP schemes.
Cultural-cognitive system – values, symbols, and shared meanings	A unitary frame of reference that emphasizes hierarchy and the common interests of all in achieving shareholder goals	A unitary focus on economic values but acknowledges the business case for stakeholders, partnership and social values.	A pluralist frame of reference that recognizes legitimate competing interests and the benefits of resolving conflict though compromise, negotiation, co-determination, stakeholder involvement.	A pluralist frame of reference that recognizes legitimate competing interests – need to align employee interests with democratic and market logics
Functional Level (SHRM)				
Strategic human resource management approach	Control/calculative SHRM approach, including: • hire and fire mentality - transactional psychological contract • rewards to ensure that managerial agents act in the best interests of shareholders • disproportionate economic rents being secured by an exclusive group of high value-adding 'star' employees • low investment in human or social capital, apart from firm-specific human capital	Hybrid SHRM approach, involving control/calculative practices and high commitment/collaborative practices, including: • engaging more vulnerable, arguably less value-adding and scarce employees through inclusive, high-commitment HRM practices • yet maintaining an exclusive focus on high value-adding employees to incorporate key 'stars' into decision-making • building high (calculative) trust relations • potentially leading to work intensification	High-commitment-collaborative SHRM approach, including: • training for high skill levels and job security • investment in social capital as a source of innovation • employee voice • relational psychological with a high trust dynamic contract	Hybrid SHRM approach, involving high commitment/collaborative practices and control/calculative practices, including: • employer-provided training and development • labor unions recognized for collective bargaining • employee involvement in quality circles and teams • employee-management communication • employee share-ownership • identification with the vision and purpose of the organization – practices to build employee commitment • yet also quantifiable elements in contractual agreements, such as incentive-based pay for performance

FIGURE 1

Corporate Governance Archetypes