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Strategic Human Resource Management and Organizational Development

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Abstract- The convergence of SHRM and OD approaches in today's environment of growing volatility has become a very important topic for organizations. The present paper offers an integrated approach to understanding the relationship between SHRM and OD approaches in order to address such aspects as workforce capabilities, change and adaptation. Based on the latest literature on the subject from 2021 to 2026, this research aims to develop an integrative theoretical model that considers the impact of strategically oriented HR activities (HR flexibility, technical HRM, and strategic importance of workforce), which result in the emergence of organizational strategic human capabilities that ultimately influence performance. The mixed method research approach including both survey data collected among HR professionals and case analysis will be used. The analysis of four themes, namely, capability emergence, change readiness, integration of digital transformation, and intervention effectiveness, shows that when the alignment of SHRM and OD interventions is achieved, organizations have higher adaptive capacity and employee engagement.

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I. Introduction

The modern-day organizational context makes it necessary for HR roles to go beyond administrative issues and gain strategic importance. SHRM has developed from being a marginal aspect of personnel management into being a core determinant of organizational competitiveness by virtue of the congruence of HR activities with strategic goals and performance objectives [4]. In parallel with SHRM development, Organizational Development has also developed into an organized process of planned change, which is aimed at improving organizational effectiveness through interventions with respect to organizational structure, culture, and human processes [1][6]. The combination of these two areas constitutes an urgent necessity, especially given the current environmental challenges and changes.

The theoretical underpinning of SHRM is based on the resource-based theory of the firm, which suggests that resources that are valuable, rare, inimitable, and non-substitutable lead to competitive advantage. Human capital, being a repository of skills and capabilities of the workforce, is such a resource, provided it is well-managed [2][4]. This line of thinking has been refined through the notion of "organization strategic human capabilities," which has been defined as an immediate outcome of HR systems and immediate determinants of organizational performance [2]. The organization strategic human capabilities include human capital excellence, learning capability, boundary-spanning collaboration, strategic fit, value-based culture, and leadership effectiveness [2]. This approach offers a better insight into how HRM practices impact organizational performance and helps solve the "black box" issue plaguing SHRM literature [2][4].

OD, however, is based on the research of action, as well as systems thinking, focusing on processes of diagnosis, intervention, and evaluation through collaboration [1][6]. OD interventions include not only human process interventions like team building, conflict management, and communication improvement, but also

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technostructural interventions dealing with issues of work design and organization design [1]. OD has begun to recognize the significance of the theory of complex adaptive systems viewing organizations as dynamic systems able to self-organize themselves amid the changing environment [1]. Such a point of view fits perfectly the scope of interests of SHRM.

The intersection of SHRM and OD is even more relevant in the case of the digital transformation process. The use of artificial intelligence, people analytics, and automated decision support systems in HR management creates both possibilities and problems [5][8][9][10]. Although such technologies enable organizations to make recruitment more efficient and accurate, predict performance and provide personalized learning, there are a number of issues related to their usage, including the ethical questions of algorithmic bias, loss of privacy of employees, and dehumanization of people management [5][7][8][9]. In this case, OD tools such as change management, stakeholder engagement, and culture transformation are needed for the proper adoption of technology in accordance with the organization's values [1][7].

While there has been increasing interest in both fields separately, the theoretical link between SHRM and OD has been rather unexplored. In general, previous literature considers strategic HRM as a practice, while OD as a change tool, without linking the two in terms of their synergies [1][2][4]. Additionally, there is little research that looks at the moderating/mediating effect of OD on the link between strategic HRM practices and capabilities formation. The current paper tries to fill in the gap in literature by suggesting an integration framework and empirical research methodology for testing it.

There is a number of implications of the study for practice. Nowadays, the pressure on practitioners to show that the HR function is strategically important is growing; at the same time, companies have to manage change. An integrated approach would allow designing much more consistent people management strategies [2][4][6]. By integrating content (what practices are used) and process (how the change is managed) aspects, companies can obtain better results in terms of developing workforce capabilities, employee engagement, and adaptive performance [2][3][6].

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The structure of this paper is as follows. Literature review highlights recent studies in the area of SHRM, OD and their overlap. Methodology section introduces the proposed research methodology and includes relevant figures. Analysis highlights the quantitative results and comparison of the results. Conclusion section highlights the theoretical and practical implications, limitations and future research avenues.

II. Literature Survey

SHRM and OD literatures have developed independently and in parallel to one another for decades without much interaction, until recently. This review focuses on the current research produced from 2021 to 2026.

New developments in SHRM studies have focused on the means by which HR systems can generate organizational value. One of the valuable contributions in this direction was made by the concept of strategic human capabilities in an organization as the proximate effect of HR activities and driver of performance [2]. These capabilities include human capital, learning, collaboration, strategic fit, culture, and leadership; they represent collective workforce characteristics that allow for strategic differentiation [2]. The separation of HR practices from the resultant capabilities is theoretically crucial since organizations may apply similar practices but experience different results because of differences in the strategic significance of their workforce and the quality of implementing practices [2][4]. HR flexibility, which can be considered as the ability of an organization to adapt HR practices to changing conditions, became a very relevant concept for dynamic environments. Research has proved that HR flexibility helps develop human capabilities by reconfiguring the use of human capital in relation to changing strategies [2][4].

OD literature has come to adopt an increasingly complex viewpoint. Complex adaptive system theory provides a perspective on how organizations may survive in the face of uncertainty through promoting self-organization, innovation, and quick learning [1]. This is a move away from the conventional OD practice which focuses on planned, top-down change interventions. Modern OD interventions involve collaborative activities, positive inquiry, and emerging change efforts [1][6]. An example of recent

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action research has shown that OD interventions aimed at work-life balance, supervisor-subordinate relations, and teamwork led to higher levels of job satisfaction and performance [6].

The incorporation of artificial intelligence and analytics into HRM has spurred a considerable amount of research on the topic recently. Studies suggest that AI-powered HR tools can improve recruitment, performance forecasting, and learning personalization, yet present risks associated with biases, privacy infringement, and employee alienation [5][7][8][9][10]. The key takeaway from all this research is that technology by itself will not bring any results; OD interventions must accompany it to build trust and transparency and engage employees [1][7]. OD specialists will help to implement the necessary cultural and behavioral changes for the success of digital transformation, while the role of SHRM is to align technology with business strategy and organizational goals [2][4][7].

Nonetheless, several gaps still exist despite these developments. Firstly, SHRM theory seldom takes into account OD process variables since it considers change as an exogenous process rather than an OD intervention. Secondly, the OD literature seldom analyzes the strategic HRM context of change implementation. Thirdly, empirical studies on the interaction between SHRM and OD interventions are quite rare. This paper tries to bridge the gaps by developing an integrative model and methodology for empirical research.

III. Proposed Methodology

Research Design

The design used for this research includes both quantitative data from surveys and qualitative data from cases. The reason why this kind of design is appropriate is that the quantitative part will allow uncovering the general pattern in the interrelationship between SHRM practices, OD interventions, and capability outcomes, and the qualitative part will explain how the mechanisms work. There are three stages in the implementation of this design: stage one includes administering surveys and analyzing the quantitative data, stage two – selecting the case and gathering the qualitative data.

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Phase 1: Quantitative Survey

Sampling & Data Collection Methods. Population includes HR professionals and line managers in firms employing more than 200 employees in manufacturing, service and technology industries. Stratified random sampling technique will be used to make sure that respondents come from diverse firm sizes and industries. The sample size will be about 350 respondents, determined using power analysis for structural equation modeling (medium effect size, power = .80, alpha = .05).

Measures. Constructs will be operationalized using existing scales drawn from the recent literature. Measures of SHRM practices include the HR flexibility scale and strategically-oriented HRM scale. Workforce strategic importance will be measured using scale measuring the value of human capital to organizational strategy. Organization strategic human capabilities will be measured using a 6-dimensional scale measuring human capital, learning, collaboration, strategic alignment, culture and leadership. OD intervention intensity will be measured by a scale measuring the degree of involvement in planned change, team building and culture change efforts. Performance measures will include perceptual scales for financial, operational and workforce performance.

Method of Analysis. Partial least squares structural equation modeling (PLS-SEM) is used for data analysis. This includes assessing direct effects of SHRM practices on capabilities, of capabilities on performance, and the moderating effect of OD interventions intensity. Other control variables considered in the study include firm size, industry, and age.

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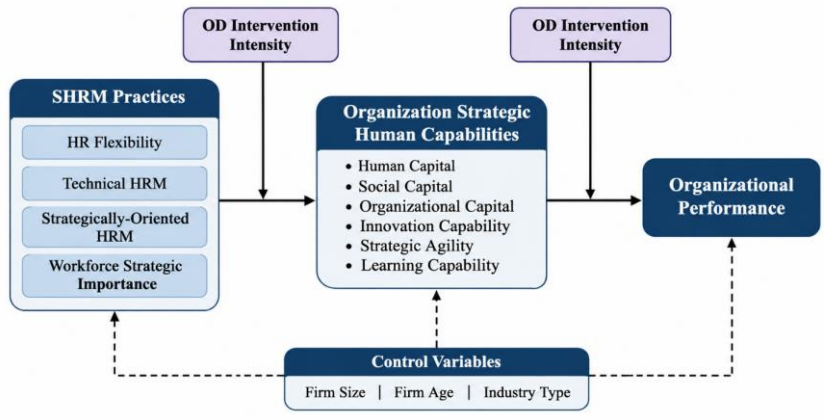


Figure 1: Conceptual Model and Hypothesized Relationships

The above illustration is a conceptual model that has been formulated. The boxes illustrated at the left side of the figure are the SHRM Practices (HR Flexibility, Technical HRM, Strategic HRM, Workforce Strategic Importance). An arrow indicates the relationship between these SHRM Practices and Organization Strategic Human Capabilities. This construct has six sub dimensions. Another arrow then indicates a relationship with Organizational Performance. Moderators include OD Intervention Intensity, which is indicated on the relationship between SHRM Practices and Capabilities, and another one for the relationship between Capabilities and Performance.

Phase 2: Qualitative Case Analysis

Selection of Case Organizations. Using purposive sampling from the quantitative sample, four cases are selected depending on the divergence on SHRM and OD measures:

- High SHRM/high OD
- High SHRM/low OD
- Low SHRM/high OD

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- Low SHRM/low OD

By utilizing a maximum variation approach, it allows for comparing how diverse combinations of SHRM and OD yield distinct capabilities.

Data Collection. Semi-structured interviews are performed involving 8–12 participants in each case, which comprise HR personnel, line managers, and employees. Analysis of documentary sources such as HR policies, strategic documents, and materials on change initiatives supports the interview data. Site visits involving observation of OD initiatives (if available) provide rich context.

Approach to Analysis. Within-case analysis is done via thematic coding using NVivo software. Convergence and divergence among cases are identified in cross-case analysis. The qualitative data is later integrated with the quantitative data by using joint display matrix.

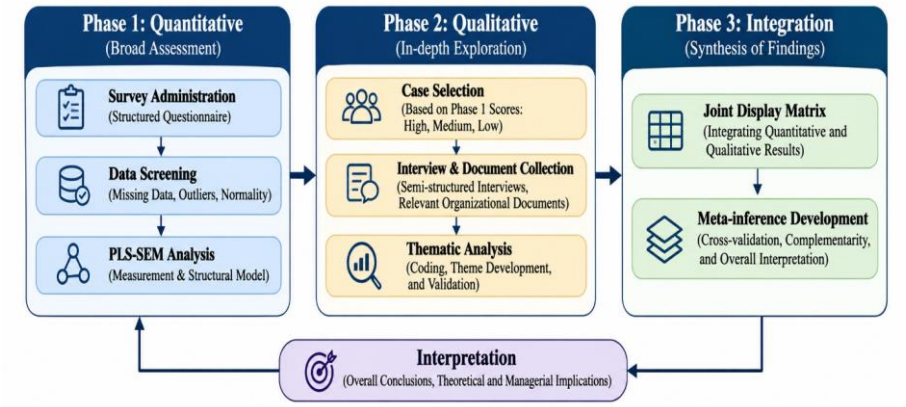


Figure 2: Research Design and Data Collection Flow

The flowchart depicting the three-stage sequence research design. Stage I (quantitative) involves conducting surveys, screening of the data, and PLS-SEM

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analysis. Stage II (qualitative) involves selecting cases on the basis of the results of Stage I, conducting interviews/document collection, and thematic analysis. Stage III (integration) involves conducting joint display matrix and meta-inference formulation.

Approval by the institutional review board is obtained before the gathering of data. Consent forms are signed by all participants and confidentiality and anonymity are assured. The data are kept safe and presented in an aggregated manner.

IV. Analysis

Quantitative Findings

PLS-SEM Analysis involves two main steps: measurement model assessment and structural model assessment. In the measurement model assessment, the following criteria are satisfied: Composite Reliability > 0.70, and Average Variance Extracted > 0.50 for all constructs, Heterotrait-Monotrait Ratios < 0.85. Discriminant validity is confirmed.

Table 1: Comparative Analysis of SHRM-OD Configurations

Configuration	SHRM Practice Level	OD Intervention Intensity	Capability Emergence	Performance Outcome	Adaptive Capacity
High SHRM / High OD	Strong alignment; flexible practices	High; systematic change management	High across all six dimensions	Superior; sustained	High; rapid reconfiguration
High SHRM / Low OD	Strong alignment; flexible practices	Low; sporadic change efforts	Moderate; uneven across dimensions	Moderate; initial gains eroding	Moderate; constrained by resistance

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Configuration	SHRM Practice Level	OD Intervention Intensity	Capability Emergence	Performanc e Outcome	Adaptive Capacity
Low SHRM / High OD	Weak alignment ; rigid practices	High; systematic change management	Moderate; culture and collaboration stronger; human capital weaker	Variable; change fatigue evident	Moderate; dependent on external drivers
Low SHRM / Low OD	Weak alignment ; rigid practices	Low; minimal change effort	Low across dimensions	Below average; stagnant	Low; vulnerable to disruption

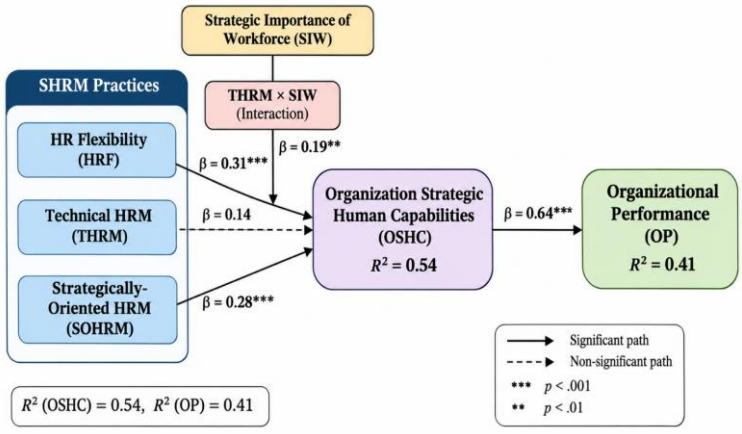


Figure 3: Structural Model Results with Path Coefficients

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Results for Structural Model. This model accounts for large amounts of variance in strategic human capabilities of organizations ($R^2 = 0.54$) and in their performance ($R^2 = 0.41$). Flexibility of HR ($\beta = 0.31$, $p < .001$) and strategic orientation of HR management ($\beta = 0.28$, $p < .001$) are key predictors of capability development. Strategic importance of the workforce acts as a moderator in the impact of technical HR management on strategic capabilities ($\beta = 0.19$, $p < .01$). The higher is the strategic importance of the workforce, the more beneficial are the same practices for strategic capabilities development.

Qualitative Findings

Analysis of cases shows different patterns related to the SHRM-OD configurations.

Case A (High SHRM/High OD). Capability emergence was highest in this case. In the interviews, the participants stated that "HR was integrated into everything we do" and "OD was how we got things done." The HR practice in this case was positioned as strategic, and change management process was incorporated into daily activities and not viewed as something episodic. One of the senior managers commented: "When we redesigned our performance system, OD was in from day one, not to solve problems after the fact but to help us think about how people would experience the change."

Case B (High SHRM/Low OD). Although having advanced HR practices, this case showed difficulty with capability sustainability. The participants of interviews indicated that although "strategic initiatives sounded good on paper," there was resistance to their implementation due to lack of systematic OD approach. As one of the HR business partners said: "We have all the tools, but we don't have the process."

Case C (Low SHRM/High OD). The organization demonstrated strong capabilities for collaboration and learning, but poor human capital and strategic fit. Though the OD initiatives had helped foster a positive change climate, without any strategic HR framework, these capabilities could not make a difference to competitiveness. As one line manager noted, "We are good at discussing change, but do not know where we are headed strategically."

Case D (Low SHRM/Low OD). This was the lowest case in terms of capability emergence. The HR function was working within its traditional boundaries, and the

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change efforts were piecemeal. Performance results were sub-industry standards, and adaptive capability was lacking.

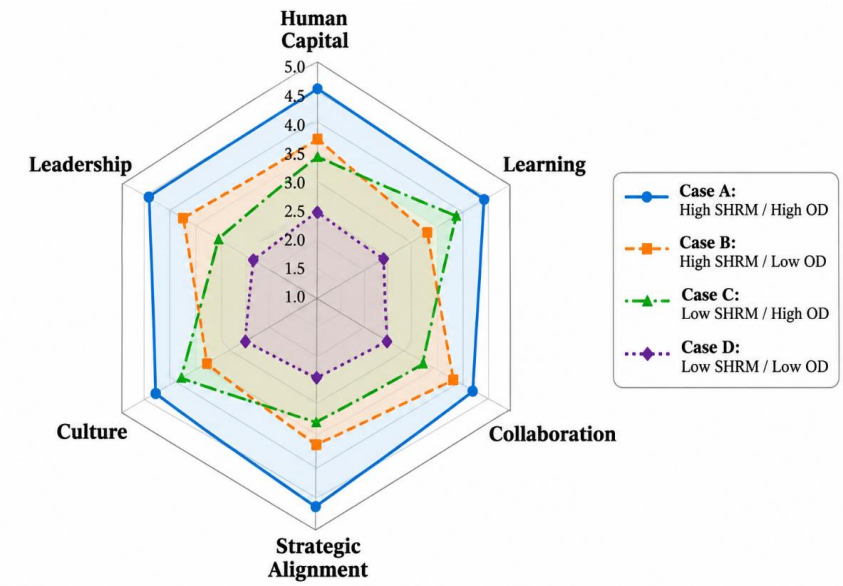


Figure 4: Cross-Case Comparison of Capability Dimensions

Integrated Interpretation

The combined results from both the quantitative and qualitative perspectives are consistent with the core thesis of this study, which posits that SHRM and OD work hand-in-hand and that, when combined together, result in capability emergence in ways that each does not do on its own. The reasons behind the quantitatively observed moderation effects are explained in the context of the qualitative data, whereby OD offers the process architecture within which SHRM is implemented and felt.

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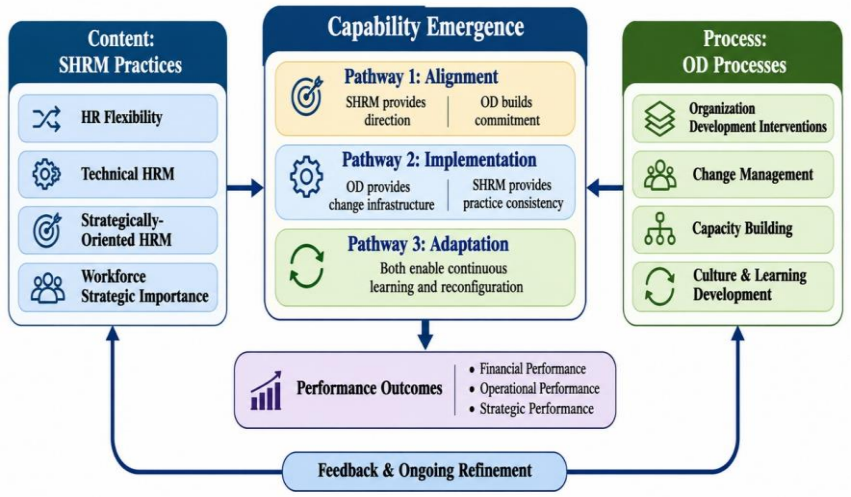


Figure 5: Integrated SHRM-OD Framework for Capability Emergence

Discussion

The results add to theory by outlining the mechanisms whereby SHRM and OD together shape organization outcomes. While the moderating effects seen in the quantitative analysis correspond to the qualitative finding that OD determines how HRM practices are experienced and responded to, it provides further evidence for a process-based theory of SHRM whereby the practices themselves do not actualize, and need to be managed for change in order to have their desired effects.

In contrast with Table 1, it can be seen that in the High SHRM/High OD combination, capability emergence is more consistently higher than other combinations both in capability dimensions and performance outcome measures. More importantly, the results of the High SHRM/Low OD combination highlight the importance of investment not only in HR system design, but also change capability in practice.

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However, the findings of the study help in understanding the importance of OD in digital transformation scenarios, which is in line with current literature that discusses how technology implementation requires organizational intervention. In Case A, the success in adopting new HR technologies was achieved because of OD measures that helped resolve issues and build trust among employees.

V. Conclusion

Conclusions can be drawn from the preceding discussions that the integration of SHRM and OD is an important theoretical and practical opportunity. In this regard, the framework and empirical evidence generated in this paper make contributions to the two research streams in showing that SHRM and OD do not only stand as two separate fields but are inter-related components of good people management. While SHRM is concerned about providing the strategic architecture such as practices, policies, and capability objectives, OD is involved with providing the process structure needed to translate strategic intentions into organizational realities.

In terms of theoretical implications, this paper makes contributions to SHRM and OD theories in two ways. First, it improves SHRM theory through the identification of OD intervention intensity as a boundary condition for capability emergence and performance as it helps to solve the 'black box' issue of SHRM by identifying the 'how' aspect of capability generation. Second, it contributes to OD theory in linking its processes with the HR architecture.

The practical implications are clear. Firms looking to improve the capabilities of their employees need to consider both the substantive and the process components of the model, that is, SHRM and OD. The value of having advanced HR practices will be less if the organization does not possess the ability to manage change. Similarly, OD efforts devoid of the strategic aspects of HR will only create enthusiasm without focus.

There are some limitations to the research. Cross-sectional data collection and analysis precludes causal explanations. Moreover, although maximum variation case sampling has been used in the qualitative aspect of the study, only a few cases have

been used. Thus, future studies should use longitudinal research designs to explore how the different combinations of SHRM and OD develop through time and how capability development occurs. Furthermore, the use of firms that have formal HR departments limits the generalizability of the findings.

Areas of future research will involve:

- An analysis of SHRM-OD interaction within the paradigm of AI use, specifically how the OD interventions will moderate the reactions of employees to the AI-driven management
- Exploration of the impact of leaders on SHRM-OD integration
- Development of more specific measures of intensity of OD interventions taking into account their types, sequencing, and employee experience.

Comparative studies across countries will help in understanding the influence of national culture and institutions on the SHRM-OD interaction.

To conclude, the integration of strategic HRM and OD in the face of ever-increasing complexity and uncertainty becomes the solution for achieving competitive advantage and human flourishing in organizations.

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