This thesis examines three key aspects of strategic human resource management (HRM). Chapter 1 uses an eight-year longitudinal survey to investigate how patterns of change in high-performance work systems (HPWS) relate to innovation and financial performance of organizations. Results suggest that long-run consistency with continuous incremental change in training and recruitment systems is positively related to organizations' innovation and financial performance. Conversely, short-run consistency with episodic change in compensation and employee involvement systems is positively associated with both measures of performance.

Drawing on institutional theory and the contingency perspective of HRM, Chapter 2 uses hierarchical linear model to study how multilevel environmental and organizational factors – international competitive pressure, capital intensity, firm size, unionization and ownership – influence firms' use of short-term labor contracts, contract duration, training, and employee involvement programs. Using a survey of 313 manufacturing plants in China, this paper finds that approximately 5 to 7 percent of the total variance in the four HRM programs are explained by industry-level factor and provides empirical support for mimetic isomorphism.

Chapter 3 focuses on HR differentiation which refers to the practice of managing individuals or groups of employees differently based on the value they deliver to an organization using individual-based, workforce-based or job-based approaches. This paper suggests that HR differentiation is a source of firm's competitive advantage. Findings supports that the hypothesized causal chain linking HR differentiation, strategic performance of HR system, firm strategic performance and financial performance.