Towards a Three-Dimensional Conceptual Model of International Human Resource Management

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Declaration

I declare that this thesis is my own account of my research and contains as its main content work which has not been previously submitted for a degree at any tertiary education institution.

Yvonne Hwee Hong Yeo
Abstract

This study centred on the purpose of contributing to theory building in International Human Resource Management (IHRM), premised on the fact that IHRM is a relatively new scholarly field with narrow definition of IHRM as a professional practice. With an ultimate objective to formulate a generic, holistic, comprehensive and practice-relevant conceptual model of IHRM, the study explored IHRM as a professional practice in the context of HRM in multinational companies (MNCs). Based on an inductive and qualitative research approach, the study collected and analysed data through semi-structured interviews and the ‘data display and analysis framework’ respectively. Twenty-one (21) top managers from seventeen (17) MNCs based in Malaysia participated as interviewees in the study.

The study derived two groups of findings, namely ‘fundamentals of IHRM’ and ‘process structures (process vehicles) of IHRM’. Drawing on these findings and the related conceptual elaboration, a three-dimensional conceptual model of IHRM was developed. While the horizontal plane of the model depicts IHRM phenomena and concepts associated with findings grouped under ‘fundamentals of IHRM’, the vertical plane depicts those of the ‘process structures of IHRM’. Through the intrinsic linkage between its horizontal and vertical dimensions, the model projects interactive relationships between all IHRM processes.

The horizontal plane encapsulates the following points (and concepts) derived in the study: (i) IHRM is the extended version of HRM (‘inseparability of IHRM and HRM’); (ii) IHRM is a functional network that serves a physical network in an MNC, entailing cross-country mutual support and shared processes (‘IHRM as a HR network of shared connections’); and (iii) IHRM is driven by ‘borderless partnerships and relationships’; ‘cross-cultural adaptability and relationship building’; ‘flexibility amid consistency’; ‘oneness and equity in diversity’; and ‘talent and leadership sharing’ (pivotal roles and interconnectedness of relationship management, diversity management and talent management in the workings of IHRM). Another feature on the horizontal plane is infinity in the number of variables that influence IHRM, from the internal and external environments where IHRM operates.
The vertical plane concerns the interactions between ‘standardization of HR policies/practices (standardization)’, ‘localization of HR policies/practices (localization)’ and ‘HR best policies/practices (HR best practice)’, the three HR elements identified as process vehicles of IHRM in the study. This facet of the model is underscored by the following concepts/points derived in the study: (i) ‘localization within parameters of standardization’; (ii) ‘HR best practice as a product of organizational learning and localization’; and (iii) interrelations between IHRM process vehicles and the organizational hierarchy – where the organizational hierarchy determines the extent and/or/conditions of standardization/localization; probability of MNC-wide HR best practice; flexibility of implementing MNC-wide HR best practice; and flexibility in the overall workings of IHRM.

The model is a manifestation of the integrative, generic and holistic outlook of the study: it embodies conceptual, functional, local and global perspectives concerning IHRM; its view is not confined to any particular IHRM research strand; and it addresses the entirety rather than specific issues or topic areas of IHRM. Overall, the study contributes insights towards both holistic advancement of theoretical IHRM and better structured practical IHRM. Theoretical significance of the study is threefold: besides introducing an alternative approach to conceptualizing IHRM, the study magnifies IHRM as concurrently a functional system and a process; and it advances several concepts for theoretical understanding of IHRM. In terms of practical significance, the study defines the essentials for anchoring the workings of IHRM across cultures and national borders; it also identifies the bases and linkages for administering various aspects of IHRM as an integrative whole.

The overall implication of the study is that meaningful development of IHRM as both a scholarly field and a professional practice hinges on an interdisciplinary, holistic and ‘world-savvy’ approach to IHRM research and theory building. Moreover, the journey in this direction should be underpinned by substantive intent to establish IHRM as a unique field in itself, hence to safeguard it against the existing threat of being subsumed under the more established fields of International Management and Human Resource Management.
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## Abbreviations

<table>
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<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>MNC-S</td>
<td>MNC subsidiary/subsidiaries</td>
</tr>
<tr>
<td>MNC-P</td>
<td>MNC-Participant(s) (Participating MNC/MNCs)</td>
</tr>
<tr>
<td>Exec-P</td>
<td>Executive-Participant(s) (Participating Top HR Manger(s) and/or Other Participating Top Manger(s))</td>
</tr>
</tbody>
</table>
Explanatory Notes

1. **The Researcher**
The researcher of this study

2. ‘HRM in MNCs’ & IHRM
These two terms are used interchangeably in this thesis.

3. **The Participants**
The interviewees and/or the participating MNCs in this study

4. (a) **Executive-Participants (Exec-P)**
Managers who participated in this study

   (b) **MNC-Participants (MNC-P)**
MNCs (MNCs’ subsidiaries) that participated in this study

5. **MNC-S**
Subsidiary/Subsidiaries of one or more MNCs
‘MNC-S’ and ‘MNC subsidiaries’ are used interchangeably in this thesis.

6. **MNC-(number)**
For a specific participating MNC subsidiary [i.e. MNC-S-(number)],
‘MNC-(number)’ refers to the MNC concerned as a firm in its totality.

   (e.g. Where ‘MNC-S-(number X)’ is mentioned, ‘MNC-(number X)’ refers to
   the MNC concerned as a whole.)

In the context where a certain MNC-(number) is discussed, ‘MNC-(number)’
and ‘MNC-S-(number)’ are used interchangeably where relevant.

7. **Standardization & Global Integration**
These two terms convey the same concept. However, the former pertains
mainly to policies/practices of MNCs while the latter pertains mainly to
strategies of MNCs.

8. **Localization & Local Responsiveness**
These two terms refer to the same concept. However, the former pertains
mainly to policies/practices of MNCs while the latter pertains mainly to
strategies of MNCs.

9. (a) **HR best practice**
A single HR ‘best’ practice or a combination of several HR ‘best’
   practices

   (b) **HR best practices**
Several HR ‘best’ practices
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CHAPTER 1
INTRODUCTION

1.1 Background of the Field of Study: IHRM as a Field of Scholarly Enquiry

1.1.1 Growth in Scope and Importance of IHRM

International Human Resource Management (IHRM) is a hybrid between International Management (IM) and Human Resource Management (HRM). It is generally considered a relatively new scholarly field (cf. Bjorkman and Stahl, 2006; Briscoe, Schuler and Claus, 2009; Dowling and Schuler, 1990; Ozbilgin, 2005). This fact notwithstanding, the field has undergone considerable growth over the last three decades or so (cf. Briscoe et al., 2009; Pudelko, Reiche and Carr, 2015; Rowley and Warner, 2007; Scullion, Collings and Gunningle, 2007). While it was deemed to be in the infancy stage in the 1980s’ (cf. Laurent, 1986), in a relatively recent review it has been described as a ‘vibrant and diverse’ field of scholarly enquiry (cf. Lazarova, 2006). In a more recent review, it is said to have ‘reached its adolescence if not early adulthood’ (cf. Pudelko et al., 2015).

Indeed, as a scholarly field, IHRM has in recent years witnessed expansion in the scope of studies, as well as significant increase in scholarly outputs and conferences on various topics (cf. Bjorkman and Stahl, 2006; Morley, Heraty and Collings, 2006a; Pudelko et al., 2015; Scullion et al., 2007). As a professional practice, IHRM has in recent years witnessed increased emphasis on globalization of HRM, as well as organized training seminars and courses on practical aspects of HRM in the international contexts (Briscoe et al., 2009). There is also increasing diversity in
international work that falls within the domain of international human resource management (cf. Dowling, Festing and Engle, 2013). It is palpable that the importance of IHRM is now pronounced (cf. De Cieri, Fenwick and Hutchings, 2005). In Rowley and Warner’s (2007, p. 704) observation, ‘the subject of IHRM is evidently a highly flourishing one these days’. In the prediction of Scullion et al. (2007, p. 314), ‘[there is] a very sanguine future for IHRM research in the early decades of the 21st century’.

The increasing importance of IHRM as a scholarly field is in tandem with the ongoing development of IHRM as a professional practice. In the aggregate, the growth of IHRM as both a scholarly field and a professional practice is attributable to a number of factors in the global business context, some general ones of which are as follows:

- Rapid increase in internationalization of business (Briscoe et al., 2009; Ozbilgin, 2005)
- Globalization and growth in international trade supported by extensive deregulation, regional integration and communication technologies (Ozbilgin, 2005)
- Rapid growth and internationalization of small and medium-sized enterprises, followed by the emergence of ‘micro-multinationals’, in recent years (Dimitratos, Johnson, Slow and Young, 2003)
- Advent of ‘outsourcing’ and ‘offshoring’ following globalization of business (Harris, 2008)
- Heightened realization among MNCs that people management practices are crucial in ensuring profitability and viability of their business operations (Morley, Heraty and Collings, 2006b)
- Persistent expatriate underperformance and failure (Dowling and Welch, 2004)
Growing importance of global work experience/expatriate experience for career advancement (Harris, 2008; Stroh, Black, Mendenhall and Gregersen, 2005)

Growing importance of global knowledge management within HRM as a key strategic area for global firms (Desouza and Evaristo, 2003)

Consensus among managers of MNCs, in the last three decades, that the mainstream HR approaches and theories are inadequate to address HR issues facing MNCs (Clark, Grant and Hijltjes, 2000).

Further, following the growth of HRM as an academic program in regions outside of North America where it originated, it has become evident that the views of HRM can no longer be confined to those of North America, and must instead be expanded to incorporate those of global level (Harris, 2008).

1.1.2 Strands of IHRM Research

Knowledge about IHRM has so far been developed through three strands of research. These strands of research are (i) studies examining various aspects of HRM in MNCs; (ii) studies examining cross-cultural issues, cross-cultural management and international perspectives of HRM in organizations with an international outlook, and (iii) studies comparing HR approaches and systems in different countries or between the home countries and host countries of global firms (cf. De Cieri and Dowling, 1999; Dowling, et al., 1999; Ozbilgin, 2005). In concise terms and in accordance with De Cieri and Dowling’s (1999) categorization, these three strands of research can be identified as ‘HRM in MNCs’, ‘cross-cultural management’ and ‘comparative HRM’ respectively.
Of the three strands of IHRM research, ‘HRM in MNCs’ is the dominant strand (Harzing and Ruysseveldt, 2004; Keating and Thompson, 2004; Torrington, 1994). Research into HRM in MNCs conventionally focuses on aspects of expatriation/expatriate management (Scullion; 2005; Tayeb, 2005). In recent years however, research interests in this strand of research (HRM in MNCs) have been expanded. A wide range of themes are now covered in this strand of research, in an effort to define HRM in MNCs beyond a narrow context (Keating and Thompson, 2004; Tayeb, 2005).

1.1.3 Ongoing and Emerging Themes in IHRM Research

There are numerous ongoing and emerging themes in IHRM research. Different themes emanate from and are addressed in different research strands. The critical and practical nature coupled with the variety of these themes have enriched the field, contributing to its growth. However, there is a lack of consensus on the areas covered in IHRM as a scholarly field (Scullion and Linehan, 2005); and the variety of themes spreading across three separate research strands is discernibly one of the contributory factors to this issue.

The following are some of the themes which have attracted many ongoing discussions and debates in the field. These themes emanate from all existing research strands in the field but mainly concern HRM in MNCs.

- Standardization versus localization/global integration versus local responsiveness (e.g. Gunnigle, Murphy, Cleveland, Heraty and Morley, 2002; Lindholm, Tahanainen and Bjorkman, 1999; Myloni et al., 2004; Resenzweig, 2006; Rosenzweig and Nohria, 1994)
- Convergence versus divergence of HR practices (which is related to standardization versus localization/global integration versus local responsiveness) (e.g. Brewster, Mayrhofer and Morley, 2004; Hall and Soskice, 2001; Sorge, 2004; Tregaski and Brewster, 2006)
- ‘Country of origin’ effect on HR practices in MNCs (e.g. Clark, Colling, Almond, Gunnigle, Morley, Peters and Portillo, 2002; Ferner, 1997; Noorderhavan and Harzing, 2003)
- HR issues in developing countries (e.g. Budhwar and Debrah, 2001, 2005; Warner, 2004)
- Strategic HRM in MNCs (e.g. De Cieri and Dowling, 1999, 2006; Schuler, Dowling and De Cieri, 1993; Scullion and Paauwe, 2005)

Among many other themes, emerging themes in the field include the following:

- Decreasing reliance on expatriate assignees and broader conceptualization of international assignments (e.g. Collings, Scullion and Morley, 2007; Fenwick, 2004; Harzing, 2001; Hertel, 2005; Mendenhall, Kuhlmann and Stahl, 2001; Scullion and Brewster, 2001; Tahvanainen, 2005)
- People management in cross-border alliances, mergers and acquisition (e.g. Lajara, Lillo and Sempere, 2003; Schuler, Jackson and Luo, 2004; Schweiger and Goulet, 2005; Stahl and Mendenhall, 2005)
- Cross-border knowledge transfer, diffusion of management practices and organizational learning (e.g. Bonache and Brewster, 2001; Cerdin, 2003; Chiesa and Manzini, 1996; Edwards, 1998; Frost, Birkinshaw and Prescott, 2002; Minbaeva, Pedersen, Bjorkman, Fey and Park, 2003)
- Global leadership (e.g. Goldsmith, Greenberg, Robertson and Hu-Chan, 2003; Kets de Vries, Vrignaud and Florent-Treacy, 2004; McCall and Hollenbeck, 2002; Rosen, Digh, Singer and Philips, 2000)
- International performance management (Cascio, 2006; Knight, Durham and Locke, 2001; Oddou and Mendenhall, 2000)
- International dimensions of the management of human resources in large as well as small organizations (Benson and Scroggins, 2011).

Still another theme that has received increased attention in IHRM research concerns the pivotal roles of the HR function in the operations of MNCs. Equally significant, IHRM research is increasingly being framed in terms of organization theories (cf. Bjorkman and Stahl, 2006).

1.1.4 Fundamental Issues Facing IHRM as a Scholarly Field

As a relatively new scholarly interest, IHRM is inevitably faced with many challenges. In the first place, as a field with an international outlook, it is necessary that IHRM evolves persistently in tandem with the volatile global scenarios. Simply, theoretical IHRM that evolves with changing times is necessary for improvement in practical IHRM; this is especially true when theoretical underpinning is necessary to inform practice and provide practice with a focus (cf. Benson and Scroggis, 2011; Scroggis and Benson, 2010; Taylor, Beecher and Napier, 1996).
Equally important, despite being a hybrid between International Management and Human Resource Management, IHRM as a scholarly field is expected to have an established body of theory of its own. This expectancy is plausible given that, ‘[a]t the end of the 20th century, the field of IHRM, albeit no longer perhaps in its infancy, still ran the danger of being subsumed under the broader fields [sic] of international management or HRM’ (Brewster, Dickmann and Sparrow, 2007, p.9). Moreover, due to its traditional orientation towards issues in practice rather than theoretical conceptualization (Benson and Scroggins, 2011), the field has so far witnessed a lack of theoretical foundations (Clark et al., 2000). As clearly put across by Dowling and Welch (2004), the field has been slow in developing a rigorous body of theory.

In the absence of a rigorous body of theory, IHRM as a field is also inadequate in terms of its definition. Where the latter is concerned, there is not only a lack of consensus on the areas covered in IHRM (Scullion and Linehan, 2005), but also the following issues: the existing definitions of IHRM are descriptive, narrow, and academically oriented (Clark et al., 2000; Ozbilgin, 2005); IHRM is perceived by many as synonymous with expatriate management (Harris and Brewster, 1999); and the roots of IHRM have not been explicitly accounted for and fully explained (Rowley and Warner, 2007). On the whole, IHRM is still a ‘fairly recent conceptual topic’ (Rowley and Warner, 2007, p.713): while ‘[suffering] from conceptual and normative limitations’ (Clark et al., 2000, p.11), it ‘appears to be “exceptional” in business practice rather than the rule in how people are managed’ (Rowley and Warner, 2007, p. 713).

On the whole, among the multitude of issues facing IHRM, the above-mentioned issues pertain directly to definition of IHRM, and generally to theory of IHRM. They reflect
not only inadequacies in IHRM theory, but also that these inadequacies constitute key challenges facing IHRM as a scholarly field. It is discernible that these issues need to be fundamentally addressed in IHRM research. The roots of these issues, as identified or alluded to by some researchers, are as follows:

- The possibility of IHRM researchers avoiding the difficult task of defining IHRM (Clark et al., 2000)
- Excessive emphasis on research into the following topics (as cited by different authors), at the expense of developing theoretical foundations: functional activities of IHRM (Clark et al., 2000); expatriate management (Harris and Brewster, 1999); comparative HRM and industrial relations (Dowling and Welch, 2004)
- Existing disciplinary boundaries in IHRM research (Keating and Thompson, 2004)
- Fragmentation coupled with a lack of cohesion amid increasing scope and diversity in IHRM research (‘unsystematic enrichment’) (Pudelko et al., 2015)
- Costs, difficulties and major methodological problems in developing and/or conducting international-level research (Dowling and Welch, 2004).

The above is merely a partial list of the roots to various issues pertaining to inadequacies in the definition and theory of IHRM. However, the partial list is indicative of the scale and complexity of the key challenges facing IHRM research where the conceptual and theoretical dimensions of IHRM are concerned. IHRM researchers obviously have the mission to confront these challenges with heightened attention. It is palpable that this mission entails delving into the fundamentals of IHRM, for a start.
1.2 Overview of Study

1.2.1 Research Purpose, Questions and Objective

This study explored IHRM on the premise to address the existing inadequacies in conceptual understanding of IHRM. The general preliminary purpose of the study was to explore and better understand IHRM as both a scholarly field and a professional practice. The central theme of the study was the fundamentals and conceptual understanding of IHRM.

Based on a comprehensive literature review that unravelled many details surrounding the inadequacies in the definition, and generally theory of IHRM, the above-mentioned general preliminary purpose of the study was refined. The refined purpose was to contribute to IHRM theory building through conceptualizing IHRM. Seeking to structurally frame the IHRM fundamentals unravelled in the study as a form of conceptual understanding of IHRM, this refined research purpose gave value and form to the central theme of the study.

Based on the refined research purpose, and with a view to achieving practical as well as theoretical relevance in the research outcome, the following general preliminary research question\(^1\) of the study was identified:

\begin{quote}
In what manner can IHRM be conceptualized so as to contribute to both holistic understanding of IHRM practice and holistic development of IHRM theory?
\end{quote}

\(^1\) This is the ‘question that flows from the research idea and may lead to several more detailed questions or the definition of research objectives’ (Saunders, Lewis and Thornhill, 2009, p.592).
Revolving around the above question, a series of more specific questions (specific preliminary research questions) were then identified. Based on all these research questions that essentially asked of ways to conceptualize IHRM in a generic, holistic, comprehensive and practice-relevant manner, an ultimate research question was identified. A ‘what’- and ‘how’-question, this ultimate research question reads as follows:

*What are the fundamentals and essentials of IHRM; and how can these ingredients of IHRM be consolidated to theoretically represent IHRM in a generic, holistic, comprehensive and practice-relevant light?*

In tandem with the refined research purpose and ultimate research question, the ultimate objective of the study was set as follows:

*To conceptualize IHRM through the formulation of a generic, holistic, comprehensive and practice-relevant IHRM conceptual model.*

### 1.2.2 Overall Approach to the Study

The study was exploratory, ‘interpretivist’ and inductive in approach. The overall rationale of this approach is twofold. Firstly, with inadequacies in the definition/theory of IHRM, there is much room for exploration, interpretation and inductive reasoning of phenomena associated with IHRM. Secondly, the ‘interpretivist’ and inductive approach catered to the general purpose of the study to explore and better understand IHRM as both a scholarly field and a professional practice.

The exploratory nature of the approach saw this study actively ask questions, as well as delving into and assessing relevant phenomena in a holistic light. Meanwhile, the
‘interpretivist’ nature of the approach saw this study emphasize details and meanings: while looking into details behind the phenomena under study, it interpreted meaning and sought to understand meanings that are socially constructed, subjective and multiple in form. With its exploratory and ‘interpretivist’ nature, this study was not guided by any theoretical propositions; instead it was geared towards generating theoretical propositions. This is where this study also stood as an inductive study.

In taking the exploration- interpretation- and induction-based approach, this study revolved around gaining rich insights into IHRM-related phenomena. While giving ample consideration to the contexts of these phenomena, it emphasized meanings that the participants of the study attached to these phenomena. Succinctly put, this approach saw the study emphasize ‘meanings’, ‘contexts’ and ‘perceptions’ associated with IHRM subject matters under study.

1.2.3 Assumptions, Ontology and Epistemology Underlying the Study

The overall approach of the study, as described above, was underscored by the following four assumptions: (i) research in management concerns meanings attached to organization life; (ii) every circumstance addressed in management is unique, as it is shaped by unique contexts and human actors; (iii) in management, the process is equally important as the structure, given that the process is connected with the subjective reality and subjective meanings of organization life; and (iv) order in management and organizations is worked out more through social interactions than through pre-defined structures.
In subscribing to the above assumptions, this study took the ontological positions of subjectivism and constructivism. According to these ontological positions, social phenomena and their meanings are products of social interaction; as such, it is necessary for social research to explore the subjective reality and meanings associated with people’s action. Meanwhile, the same assumptions stated in the preceding paragraph see the study taking the following epistemological positions: intangible phenomena are as valid as tangible phenomena to be studied for knowledge development; in addition, knowledge is created through delving into the details and subjective meanings of the phenomena under study. In short, the epistemological view underlying this study was that knowledge is created and negotiated through human beings.

1.2.4 Research Strategy and Research Structure

A qualitative research strategy was employed in this study. Under this strategy, concepts and theoretical elaborations emerge from the data during the research process. This research orientation is congruent with the objective of the study to develop a conceptual model of IHRM. In succinct terms, the interpretivist and inductive views of qualitative research are in line with the exploratory nature of this study.

In employing a qualitative strategy, this study involved a flexible research structure. It neither delimited the areas of enquiry at the outset nor employed a fully structured data collection method. Unrestricted enquiry as such ensured that fresh perspectives

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2 In this study, ‘research strategy’ refers to the choice between ‘qualitative study’ and ‘quantitative study’. This concept of ‘strategy’ in research is drawn from Bryman and Bell (2007). There are authors who refer to research strategy as the general plan or method by which the researcher goes about answering the research question(s). Saunders, Lewis and Thornhill (2009), for example, listed the following as some of the research strategies: experiment; survey; case study; action research; grounded theory; ethnography; and archival research.
pertaining to IHRM could be uncovered during the research process. Meanwhile, a data collection method that is not fully structured ensured that no inappropriate frame of reference was imposed on the research participants and their social world.

As an integral part of the flexible qualitative research structure, there were circular and iterative steps in the research process, entailing constant ‘reflexivity’ on the part of the Researcher. Apart from constantly reflecting on the research process in its totality and linking each research step to the preceding step, the Researcher constantly linked empirical analysis to flexible literature review and theories. Ultimately, the flexible structure of qualitative research allowed theoretical elaborations to emerge during the research process. This facilitated the development of the IHRM conceptual model as the ultimate outcome of the study.

1.2.5 Data Collection Method and the Underlying Rationale

This study employed face-to-face, semi-structured interviews as the data collection method. An interview schedule without pre-coded answers was used for the interviews. The interview schedule covered a wide range of topic areas concerning IHRM. Concisely, the data collection method was non-standardized, open and relatively broad-based.

Through the open and broad-based data collection approach, the participants had ample flexibility to convey a wide spectrum of perspectives on the topic areas covered in the interviews. Likewise, the Researcher enjoyed flexibility to explore the topic areas concerned beyond the structure and wording of the interview schedule. Such flexibility catered to the requirement of this exploratory and inductive study to procure rich data.
Rich data allowed this study to extensively explore the various facets of IHRM and develop an IHRM conceptual model at its conclusion.

### 1.2.6 Data Collection Sources and Sampling Design

Through face-to-face interviews, this study procured first-hand information on HRM in MNCs from MNCs’ real-life settings. Interview data were collected from top HR managers and other top managers of participating MNCs located in the city of Kuala Lumpur and the state of Selangor in Malaysia. The presence of MNCs from different parts of the world and a relatively large number of expatriates was the basis for the choice of the data collection location.

The sample was obtained through self-selection sampling\(^3\). However, every endeavour was made to procure the participation of at least one top HR manager and one other top manager from each participating MNC – with the specification that at least one of these managers be an expatriate. In addition, every endeavour was made to procure the participation of MNCs headquartered in as many countries from different continents as possible. The former endeavour was part of the measures in this study to ensure that the participating managers consisted of a cross-section of MNC top managers who could convey the reality of HRM in MNCs. The latter endeavour was to ensure that the participating MNCs consisted of a cross-section of MNCs that could, as far as possible, represent MNCs worldwide. Specifically, this endeavour was to procure the participation of MNCs from various industries and various countries across Europe, America, Asia and Australasia.

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\(^3\) This is a ‘non-probability sampling procedure in which the case, usually an individual, is allowed to identify their desire to be part of the sample’ (Saunders, Lewis and Thornbill, 2009, p.601).
The above-mentioned sampling requirements addressed the ‘credibility’ and ‘transferability’ factors that are desirable in the research outcome. In specific terms, the objective of the sampling design was twofold: i) to address the ‘credibility’ factor by procuring multiple accounts of the social reality of HRM in MNCs; and (ii) to address the ‘transferability’ factor by procuring rich and detailed data that can serve as a source of information for other related studies on IHRM.

1.2.7 Data Analysis Strategy and the Underlying Rationale

This study employed Miles and Huberman’s (1994) ‘data display and analysis framework’ as the data analysis strategy. In the data analysis process, data were reduced through summarizing (condensation), aggregation and categorization (grouping) of meanings. This process revolved around processing of meanings, entailing interpretation of meanings and drawing of inferences to derive theoretical understanding. In short, the interview data were reflected on, interpreted and theorized. This is essentially an inductive approach to data analysis.

This study required an inductive rather than a deductive approach to data analysis: it was the position of the study not to have its data analysis influenced by any prior expectations and/or to depart from the participants’ socially constructed views. In the first place, the design of the study was based not on a predetermined theoretical framework, but on a plan for developing a conceptual framework.
1.2.8 Outcome of the Study

The outcome of this study was derived from interview data collected from twenty-one (21) top managers from seventeen (17) MNCs. There are two parts to the outcome. The first part consists of findings that answer the first part of the research question\(^4\) (‘What are the fundamentals and essentials of IHRM?’). The second part of the outcome addresses the second part of the research question (‘How can the ingredients of IHRM be consolidated to theoretically represent IHRM in a generic, holistic, comprehensive and practice-relevant light?’). It takes the form of a three-dimensional IHRM conceptual model.

1.3 Overview of the Thesis

1.3.1 Organization of the Thesis

This thesis consists of eight chapters. Table 1.1 below lists the chapters and the main themes of each chapter:

\(^4\) The research question reads as follows: What are the fundamentals and essentials of IHRM; and how can these ingredients of IHRM be consolidated to theoretically represent IHRM in a generic, holistic, comprehensive and practice-relevant light?
# TABLE 1.1
Main Themes of Thesis Chapters

<table>
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<tr>
<th>CHAPTER</th>
<th>THEMES</th>
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| 1 Introduction | • Background of the Field of Study  
• Overview of the Study  
• Overview of The Thesis |
| 2 Literature Review | • General Phenomena and Understanding Pertaining to Challenges Facing IHRM as a Scholarly Field  
• Issues Concerning the Definition of IHRM  
• Major Themes and Dichotomies of IHRM in the Context of Managing across Cultures and Countries Borders  
• Methodological Matters in IHRM Research  
• Research Focus and Research Questions Derived from the Literature Review |
| 3 Methodology | • Philosophical Stance Underlying the Study  
• Research Approach  
• Research Purpose, Questions and Objective  
• Research Strategy  
• Research Steps and Considerations  
• Data Collection Method  
• Data Analysis Approach and Strategy |
| 4 Data Collection | • Procedures of Data Collection  
• Sources of Data  
• Result of Data Collection |
| 5 Findings: Fundamentals of IHRM | • Link between HRM and IHRM  
• Shared Network in IHRM  
• Relationship Management  
• Diversity Management  
• Talent Management |
| 6 Findings: Process Structures of IHRM | • Standardization of HR Policies and Practices  
• Localization of HR Policies and Practices  
• HR Best Practice |
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<tr>
<th>CHAPTER</th>
<th>THEMES</th>
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<tr>
<td>7</td>
<td>Discussion of Findings</td>
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<td></td>
<td>• IHRM as the Extended Version of HRM/HRM as the Foundation of IHRM</td>
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<td></td>
<td>• IHRM as a ‘HR Network of Shared Connections’</td>
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<td></td>
<td>• Relationship Management, Diversity Management and Talent Management as the Core Components of IHRM</td>
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<td>• Standardization and Localization (of HR Policies and Practices) as the Process Structures of IHRM</td>
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<td></td>
<td>• HR Best Practice as the Process Structure of IHRM</td>
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<td>8</td>
<td>Conclusion</td>
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<td></td>
<td>• Integrative Conceptual Model of IHRM</td>
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<td></td>
<td>• Limitations of the Study</td>
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<td>• Contributions of the Study</td>
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<td>• Highlights of the Thesis</td>
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Each of the chapters from Chapter 3 to Chapter 7 starts with an introduction and ends with concluding remarks. The introduction section outlines the structure and approach of the chapter, explaining the Researcher’s rationale behind the approach where necessary. The ‘concluding remarks’ section highlights the salient points presented and/or derived from the discussion in the chapter. Wherever relevant, this concluding section provides a link between the chapter and the subsequent chapter.

(‘Literature Review’) shows the initial exploration process of the study. The chapter ends in two parts: (i) outcome of the literature review: ultimate research purpose/questions/objective derived from the literature review; and (ii) implications of the outcome of the literature review for the rest of the study. These two parts of the chapter set the focus and direction for the study.
The two-part outcome of the study is presented over three chapters: the findings of the study are presented in Chapter 5 and Chapter 6; and the IHRM model resulting from the findings presented in Chapter 8. Wherever relevant in Chapter 5 and Chapter 6, extracts of interview transcriptions are exhibited to substantiate the presentation of the findings. The findings are further deliberated and substantiated in Chapter 7 (‘Discussion of Findings’). The IHRM model is presented in Chapter 8 (‘Conclusion’), where it is deliberated in conjunction with the limitations and contributions of the study.

1.3.2 Approach to the Presentation of the Thesis

This thesis is presented as an ‘after-study’ report rather than a progressive account of the development of the study. It is written mainly in the past tense except for the following parts: the literature review sections of Chapter 2; the presentation of findings in Chapter 5 and Chapter 6; the discussion of findings in Chapter 7; and certain parts of the thesis where the use of tenses other than the past tense is more appropriate. As the first part of this ‘after-study’ report, this chapter provides – through Section 1.2 and Section 1.4 – a summarized account of the study. This summarized account serves as a preamble to full details of the study presented in the rest of the thesis.

1.4 Concluding Remarks: The Study and the Thesis in Brief

This study was exploratory and comprehensive, necessarily so by virtue of its research purposes. Firstly, the general preliminary purpose of the study was to explore and better understand IHRM as both a scholarly field and a professional practice. Secondly, the refined purpose of the study was to contribute to IHRM theory building through
conceptualizing IHRM. These research purposes required comprehensive exploration of IHRM in various stages of the study.

The exploratory and comprehensive nature of the study was manifested in the following aspects of the study: extensive literature review (Chapter 2) that covered theoretical as well as practical facets of IHRM; broad-based interview questions used in data collection (Chapter 4); detailed deliberation and substantiation of the findings (Chapter 5 and Chapter 6); and in-depth discussion of the findings (Chapter 7). These exploratory and comprehensive research processes were facilitated by the qualitative strategy employed in the study.

The IHRM model introduced in this study is underpinned by – and is intended to be understood in conjunction with – the theoretical elaborations and propositions developed in the study (as presented in Chapter 5, Chapter 6 and Chapter 7). There are three levels of significance in the model. First, the model fulfils the ultimate objective of this study to conceptualize IHRM, encapsulating answers to its research questions concerning fundamental ingredients and processes of IHRM. Second, the model contributes towards IHRM research, particularly research addressing the existent inadequacies in the concept/definition of IHRM. Third, the model represents an original endeavour towards contributing to IHRM theory building.

This study sought to conceptualize IHRM as a professional practice through comprehensive examination of theoretical and practical IHRM. Every endeavour was made in producing a generic, holistic, comprehensive and practice-relevant conceptual model of IHRM. However, this ultimate outcome of the study is a ‘contribution’, rather
than a ‘solution’, with regard to the existent inadequacies in the definition of IHRM. The Researcher understands that there is no instant solution to this issue concerning definition of IHRM; and that the endeavour to address this issue is necessarily an ongoing process involving joint inputs from interested IHRM researchers.
CHAPTER 2
LITERATURE REVIEW

2.1 Introduction

There are five sections of literature review in this chapter. The themes of the literature review are based on the general preliminary purpose of the study (‘to explore and better understand IHRM as both a scholarly field and a professional practice’). Following the literature review is a section reporting on the research focus derived from the literature review.

Starting from evaluation of the overall challenges facing IHRM as a scholarly field (Section 2.2), the literature review progresses to examine theory building in IHRM (Section 2.3). This is followed by an examination of definitions of IHRM (Section 2.4), an important aspect within theory building in IHRM. In seeking to understand IHRM as a professional practice, the literature review covers IHRM in the context of managing across cultures and national borders (Section 2.6). In view of the pivotal role of methodologies in research, methodological matters specifically pertaining to IHRM research are also examined (Section 2.5). Based on insights derived from the literature review (from Section 2.2 to Section 2.6), the ultimate purpose and objective of the study are presented in Section 2.7.
2.2 Challenges Facing IHRM as a Scholarly Field: Some General Phenomena and Issues

The comprehensive review of IHRM literature at the start of this study suggested that IHRM, as a relatively new scholarly field, is faced with major challenges in terms of theory development and conclusive definition. In the first place, some authors have categorically highlighted or alluded to the ‘underdevelopment’ of theory advancement in IHRM. Dowling et al. (2008, 2013) and Dowling and Welch (2004), for example, point out that there has been a slow development of a rigorous body of IHRM theory; and that this accounts for the marginal position of IHRM, until relatively recently, within both academia and the wider international business community.

Citing Scullion (1995) and Welch (1994), Shen, Edwards and Lee (2005) have painted a similar picture about the slow development of IHRM theory. The authors even assert that ‘the study of HRM in the international context is in itself a relatively underdeveloped field’ (p.369). In the authors’ elaboration, ‘research into international HRM (IHRM) has tended to focus on the relationship between single factors and IHRM policies and practices […] rather than on a comprehensive and integrated model’ (p. 371). The authors apparently see the development of IHRM theory as largely residing in the development of a comprehensive and integrated model.

In an IHRM research handbook that reviews contemporary knowledge about IHRM, Harris (2008) raises the question as to whether the existing IHRM theories are comprehensive enough to cover HRM on a global basis or whether they need to be modified. The author then argues that much more empirical work is needed to answer this question. Indeed, reviews of research into various aspects of international HRM in
the same handbook have pointed to many issues and questions that need to be addressed more definitively in IHRM. Among others, these issues and questions concern the following in relation to IHRM: positioning of IHRM in the broader context of international business strategy; ways of dealing with aspects of national culture; effects of differences in industrial relations systems on workplace relations; under-employment of qualitative research strategies and other methodological issues.

In a comprehensive review and critique of IHRM, Schuler, Budhwar and Florkowski (2002) conclude that IHRM research outcomes published thus far have led to more questions that demand answers through further research. According to the authors, these questions arise despite the fact that substantive ground has been covered in the exploration of IHRM functional issues, and that there is increasing expectancy of achieving competitive advantages through strategic IHRM practices. These observations of Schuler et al. (2002) are noteworthy to IHRM researchers dwelling on IHRM as a field of scholarly enquiry. In particular, the observations can be noted in conjunction with the importance of a clear IHRM research agenda. According to Schuler et al. (2002), a clear IHRM research agenda is one that seeks to study, within an international sphere, human resources in relation to industrial strategy, organizational strategy, functional areas and operations of the firm; in addition, there would be an emphasis on multi-level analysis. The latter refers to evaluation of not only the internal and external environments of the firm, but also groups and individuals within the firm.

In a brief review of IHRM, Brewster et al. (2007, p.9) assert as follows: ‘At the end of the 20th century, the field of IHRM, albeit no longer perhaps in its infancy, still ran the danger of being subsumed under the broader fields of international management or
HRM.’ This is despite the fact that major efforts had been made to establish IHRM as a field in itself through exploring the difference, and drawing up boundaries, between IHRM, international management and HRM (Brewster et al., 2007). Nevertheless, it is interesting to note that IHRM authors are increasingly working on dissolving the boundaries between different disciplines and drawing lesson from across these boundaries. According to Brewster et al. (2007), this development in IHRM is similar to that in the field of international business, where academics have begun to use new perspectives. This development clearly reflects the need to have what Brewster et al. (2007, p.10) call ‘richer theoretical attempts to analyse and understand IHRM’ and ‘more context-sensitive, varied and nuanced understanding’ of IHRM. Ultimately, this development suggests that there is plenty of room for theory development in IHRM.

2.3 Development of IHRM Theory

2.3.1 Research Issues and Slow Development of Theory

The slow development of a rigorous body of IHRM theory (Dowling et al., 2008, 2013; Dowling and Welch, 2004) was given much attention in this study: it was taken as the departure point to reviewing literature pertaining to the development of IHRM theory. According to Dowling et al. (2008, 2013) and Dowling and Welch (2004), the development of IHRM theory has been slow because it is difficult and costly to develop a stream of research at the international level; in addition, there are some major methodological problems. The methodological problems, as can be gathered from the authors, are mainly culture related: it is difficult to define culture and the emic-etic

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5 ‘Emic’ and ‘etic’ refer to ‘culture-specific’ aspects and ‘culture-common’ aspects respectively of concepts/behaviour. These are borrowed terms from Linguistics. Both the emic and etic approaches are legitimate research orientations. (Dowling, Festing and Engle, 2008, 2013)
distinctions; difficult to make cross-cultural comparison; and difficult to deal with culture-specific concepts.

The above assertions of Dowling et al. (2008, 2013) and Dowling and Welch (2004) bring to the fore the centrality of research issues in the slow development of IHRM theory, hence the lack of a rigorous body of IHRM theory. It is also clear from these assertions that methodological issues constitute a substantial part of IHRM research issues. In short, insofar as research pertaining to the development of IHRM theory is concerned, the implication of research methodology is significant.

2.3.2 Integrative Approaches to Theory Building in IHRM

Interdisciplinary Collaboration and Cross-Fertilization of Ideas between Research Strands

The centrality of research issues in the slow development of IHRM theory can be deliberated in relation to Keating and Thompson’s (2004) argument against ‘disciplinary sectarianism’ and advocacy for an ‘inclusive approach to IHRM research’. Just like Dowling et al. (2008, 2013) and Dowling and Welch (2004) (cf. Section 2.3.1), Keating and Thompson (2004) highlight methodological issues as a major concern in IHRM research endeavours. While the former authors allude to cultural factors as the root to many methodological problems in IHRM research, Keating and Thompson pinpoint ‘disciplinary boundaries’ as a shortcoming in the methodological design of IHRM research. In particular, Keating and Thompson (2004) argue that all the three existing strands of research in IHRM – namely ‘HRM in MNCs’, ‘cross-cultural

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6 While Thompson and Keating’s (2004) main concern was methodological issues, they do mention cross-cultural issues as a major source of problem in IHRM research as well.
management’ and ‘comparative HRM’ – have been too ‘introverted’, confined only to their respective areas of discipline. This, according to the authors, does not contribute positively towards methodological design and theory building in IHRM research.

Keating and Thompson (2004) had earlier categorized the literature found in the field of IHRM based on the three IHRM research strands. This groundwork led Keating and Thompson to point out that, as the three research strands stem from different areas of discipline, they are distinct in terms of research question, research purpose, research methodology and research strength/weakness (including methodological shortcomings and limitations). Assessing these three distinct approaches as ‘introverted’, the authors argue that there is a need for interdisciplinary collaboration and cross-fertilization of ideas between these approaches. This interdisciplinary approach to IHRM research, the authors argue, facilitates the construction of an inclusive approach to theory building in IHRM. The authors’ aim is to ultimately advance a relevant theory in the field of IHRM through an inclusive approach to theory building. According to the authors, this is only possible through overcoming, in the first place, what they describe as ‘disciplinary sectarianism’ in the field.

Keating and Thompson’s (2004) advocacy for interdisciplinary collaboration and cross-fertilization of ideas between the different research strands in IHRM can be appreciated alongside the augmentation of integrative, multi-theoretical approaches in recent IHRM research (cf. De Cieri, Cox and Fenwick, 2007). The interdisciplinary approach to IHRM research, as advocated by Keating and Thompson’s (2004), can also be viewed as part of the ‘signs that a more integrated, eclectic approach [in IHRM research] is emerging […] as researchers strive to weave together elements taken from a variety of
theoretical perspectives’ (Quintanilla and Ferner, 2003, p. 364). Being an instrument for an inclusive approach to theory building in IHRM, the interdisciplinary approach to IHRM research will lead theory building in IHRM to be assessed more in terms of its inclusion than its exclusion, similar to the way theory building in the normal science is assessed (cf. Chia, 1997; De Cieri et al., 2007). On balance, the combination of interdisciplinary approach to IHRM research and inclusive approach to IHRM theory building is congruent with the shift of focus – within the existing transformation in IHRM research – from investigating specifics of expatriation\(^7\) and other HR practices towards investigating variables at multiple levels and the relationships between these variables (De Cieri et al., 2007; De Cieri and Dowling, 2006).

### Integration of IHRM Policies/Practices and Multiple Intervening Factors at Multiple Levels

Shen et al. (2005) are one of the teams of authors who have contributed to the shift of focus towards multiple-level variables, and generally the augmentation of integrative approaches, in recent IHRM research. Shen et al. note the tendency of IHRM research to focus on the relationship between IHRM policies/practices and single factors only (factors such as strategy of the firm; structure of the firm; senior management’s attitude towards internationalization; stage of internationalization; organizational life cycles etc.). Identifying this tendency as a shortcoming in IHRM research, the authors developed an integrative IHRM model that features the relationship between IHRM policies/practices and multiple intervening factors (FIGURE 2.1).

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\(^7\) As pointed out by Schuler and Jackson (2005), many IHRM researchers and practitioners no longer focus mainly on ‘expatriation’.
The integrative model of Shen et al. (2005) is significant in IHRM theory development. The significance resides in the fact that the model advances the importance of addressing the relationships between IHRM policies/practices and multiple factors, rather than a single factor. This contribution of the model synergizes with the contribution of several other major integrative IHRM frameworks/models listed below\(^8\):

(i) *The Two Logics Approach to IHRM* (Evans and Lorange, 1989)  
*(APPENDIX 2-1)*

(ii) *Integrative Framework of Strategic IHRM in Multinational Enterprises*  
(Schuler, Dowling and De Cieri, 1993)  
*(APPENDIX 2-2)*

(iii) ‘European’ (Contextual)Model of HRM (Brewster, 1995)  
*(APPENDIX 2-3)*

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\(^8\) The Researcher does not claim that this list is exhaustive.
(iv) Two Dimensions of IHRM (Paauwe and Dewe, 1995) (APPENDIX 2-4)

(v) Model of Strategic IHRM (Taylor, Beechler and Napier, 1996) (APPENDIX 2-5)

(vi) Model of Strategic HRM in Multinational Enterprises (Dowling, 1999) (This is a modified version of the model in (ii) above) (APPENDIX 2-6)

(vii) Integrative Framework for Understanding Cross-National HRM Practices (Budhwar and Sparrow, 2002) (FIGURE 2.2)

(viii) Thematic Framework of IHRM in MNEs: 2007 Update and Extension (Schuler and Tarique, 2007) (This is a modified version of the model in (ii) above) (APPENDIX 2-7)

All the above-listed integrative models look into the linkages between IHRM policies/practices and multiple intervening factors consisting of organization factors and/or environmental factors. Overall, these integrative models take into consideration factors associated with IHRM policies/practices, the impact of intervening factors on IHRM policies/practices and the interplay of IHRM activities (Shen et al., 2005). By inference, it is with the integration of multiple intervening factors and variables in the model that each of these models is termed an ‘integrative’ model. It is noteworthy that, in advancing the ‘Integrative Framework of Strategic IHRM in Multinational Enterprise’ (APPENDIX 2-2), Schuler et al. (1993) even suggest integrating a multidisciplinary set of tools – including those from political science; economics; law; strategic management; organization theory; sociology; anthropology; and psychology – in managing human resources internationally.

It is also noteworthy that three of the integrative IHRM models [Schuler, Dowling and De Cieri’s (1993) ‘Integrative Framework of Strategic IHRM in Multinational
Enterprises’; Taylor, Beechler and Napier’s (1996) ‘Model of Strategic IHRM’; and Dowling’s (1999) ‘Model of Strategic HRM in Multinational Enterprises’] are each named as ‘strategic IHRM model/framework’. The ‘strategic’ leaning of these models can be traced to the overlap between IHRM and strategic IHRM in the practical sense. As indicated by Schuler et al. (1993), IHRM now witnesses a close linkage with the strategic needs of international business and undergoes the characterization of ‘strategic’ IHRM. The close connection between Strategic IHRM and IHRM is that the former explicitly links the latter with the strategies of an MNC (cf. Taylor et al., 1996).

In recent years, literature on and research into HRM in MNCs has considered the increasingly strategic focus of MNCs, highlighting the need for MNC management and IHRM researchers to think more strategically (Hutchings and De Cieri, 2007). It is plausible that the development of IHRM models with strategic leaning represents a positive step in IHRM theory development. This view can be substantiated with the following words of Schuler et al. (1993, p. 451):

Much of the existing research literature on international HRM has focused on expatriate assignments and the management of expatriates. The next task for researchers is to examine the influence of exogenous and endogenous factors on strategic international HRM and to consider the consequences of these influences and interrelationships.

Besides the strategic concerns, there seems to be a strong consensus on the “best fit” approach to IHRM policies and practices among the originators of the three integrative IHRM frameworks/models highlighted in the preceding paragraph. This observation is based on the following explanations of ‘best fit’ IHRM, especially the part explaining consideration of various intervening factors: ‘best fit’ IHRM is where effective IHRM policies and practices reach a point where there is simultaneous global co-ordination
and local responsiveness; to employ the ‘best fit’ approach to IHRM, individual MNCs need to consider various intervening factors, including the characteristics of their respective firms and the environments in which their firms operate (Shen et al., 2005). In seemingly having a strong consensus on the ‘best fit’ approach to IHRM, the originators of the above-mentioned IHRM frameworks/models presumably appreciate the need for MNCs to manage their human resources globally and locally simultaneously – or as Bartlett and Ghoshall (1998) put it, to manage as if the world is both a single vast market and a vast number of separate, loosely connected markets. These originators of IHRM frameworks/models clearly also appreciate the need to have IHRM theory building endeavours address how MNCs can operate and compete most effectively.

**Integration of Major IHRM Determinants**

In dwelling on the topic of integrative IHRM frameworks/models, it is pertinent to understand Budhwar and Sparrow’s (2002) perspectives that are conveyed through the ‘Integrative Framework for Understanding Cross-national HRM Practices’ (FIGURE 2.2 below) In this framework, Budhwar and Sparrow delineate the distinctive facets of three main categories of HRM determinants – namely ‘national factors’, ‘contingent variables’, and ‘organizational and HR strategies and policies’ – that may be used to evaluate cross-national comparative HRM practices. Based on the literature they reviewed, the authors initially found that integrative frameworks for evaluating cross-national comparative HRM practices were non-existent then; moreover, the nature of varied determinants (of HR) in different national and regional settings was rarely analysed.
Intended as an instrument for cross-national HRM comparison (‘comparative HRM’, which is one of the three strands in IHRM research), Budhwar and Sparrow’s (2002) integrative framework is identifiable as an important contribution to theory development in IHRM. On a macro level, the contribution of the framework resides in integrating knowledge of IHRM and that of comparative management disciplines. On a micro level, this framework ties together pieces of large phenomena surrounding HR policies and practices. As implied by Budhwar and Sparrow (2002), it is necessary to put together such phenomena in the development of IHRM approaches, models and theories.

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9 As mentioned in Section 1.1.2 (Chapter 1), the three strands of IHRM research are (i) HRM in MNCs; (ii) Cross-Cultural Management; and (iii) Comparative HRM.
In presenting the cross-national HRM framework, Budhwar and Sparrow (2002) stress the context-specific influence of different facets of national factors (e.g. national culture and institutions), contingent variables (e.g. size, age, life cycle stage and nature of the firm) and organizational as well as HR strategies and policies. Simply, Budhwar and Sparrow (2002) stress that IHRM is highly context-specific. This attribute of IHRM should be taken into account in any IHRM research and theory building. The following points are noteworthy in this regard:

(i) ‘[Current] debate in the area of cross-national human resource management [IHRM] suggests that both “culture-bound” and “culture-free” factors and variables are important determinants of HRM policies and practices’ (Budhwar and Sparrow, 2002, p. 377).

(ii) Under the current global business dynamics, principles of HRM which have been developed from a restricted sample of Anglo-Saxon based experience are questionable (e.g. Budhwar and Sparrow, 2002; Clark et al., 2000; Namazie and Tayeb, 2006; Tatli, 2005).

(iii) Compared to the ‘best practice’/’one best’ approach to HRM (e.g. Delery and Doty, 1996; Huselid, 1995; Ichniowski and Shaw, 1999; Pfeffer, 1994, 1998; Royle, 2000; Wood and Albanese, 1995; Wood and Menzes, 1998), the ‘best fit’/’contingency’ approach to HRM (e.g. Hickson, Hinings, McMillan and Schwitter, 1981; Myloni, Harzing and Mirza, 2004; Paauwe and Farndale, 2006; Shen et al., 2005) takes into consideration many more issues, emphasizing not only cultural differences, but also other regional, national, institutional, sectoral and organizational differences among different firms.
2.3.3 Reasons and Challenges behind Integrative Approaches to IHRM Theory Building

According to De Cieri et al. (2007), IHRM research has progressed beyond its first-generation development. The first generation research was atheoretical or mono-theoretical, based on cross-cultural comparisons, and heavily dependent on descriptions. The newer IHRM research, De Cieri et al. point out, employs integrative, multi-theoretical approaches. As can be further gathered from the authors, this new development is underscored by the view that IHRM may be best understood through integration of multiple disciplinary bases and theoretical perspectives.

De Cieri et al (2007) discuss the new IHRM research development in relation to IHRM theory development. First of all, they highlight that existent IHRM theories are inadequate, as IHRM research has traditionally had a lopsided focus on micro-level IHRM issues and variables. Their deliberation on this point revolves around the need to understand IHRM more comprehensively through bridging the ‘micro-macro’ gap in IHRM theory development, taking into account the complexity of globalization and global events in the research process. On the whole, De Cieri et al. (2007) allude to the need for more comprehensive understanding of IHRM as the push factor for the development of theoretical integration in IHRM.

In addition to the above, De Cieri et al (2007) categorically identify the development of theoretical integration in IHRM as a reason behind existent criticisms against earlier IHRM research. As can be summed up from the authors’ explication, these criticisms concern methodology, research design, analytical method and rigor, as well as development of case material. According to De Cieri et al. (2007), these issues in IHRM
research have not been fully resolved through the integrative IHRM models that have been developed so far. It is palpable from the authors’ explication that gaps in IHRM research have a major bearing on the state of theory development in IHRM. Conversely, the latter has a an influence on the direction of IHRM research.

On the whole, De Cieri et al. (2007) have highlighted not only the challenges confronting the development of integrative IHRM models, but also the ongoing nature of these challenges. As discernible from the authors’ deliberation, in addressing these challenges, IHRM researchers need to cover more areas of consideration and delve deeper into each factor of consideration. In this process, it is also necessary to be mindful of the implications of language, as language can bring about positive as well as negative effects on IHRM research, theory building and practice. Here are the authors’ words:

[C]ertain typologies and terminology depictive of IHRM have been vigorously and persistently articulated and applied. These may assist theory building and research activity as well as enhance decision choices for IHRM practitioners. The risk here is that terminology and the structuring of it into descriptive typologies can impose narrow and exclusive meanings (Westwood, 2004) […]

(De Cieri et al., 2007, p.286)

To be mindful of the typologies and terminology depictive of IHRM, IHRM researchers need to look into the implications of ‘perception’ and ‘conception’ when analyzing phenomena and developing theory. This is because “[p]erception is always guided by conception” (Kallinikos, 1996, p.39), and […] conceptual categories, like measuring
instruments, produce rather than reflect “the dimensional reality of the measured object”

(De Cieri et al., 2007, p.287).

2.3.4 Development of IHRM Theory: Inferences and Summary Drawn from the Literature Review

Based on the above literature review, it can be concluded that so far there has been some concrete, continuous research endeavours towards the development of IHRM theory; and that more of such endeavours are now anticipated. The research endeavours have been concrete and continuous in that they have progressed from atheoretical/monotheoretical, single-level and micro-level research to multi-theoretical, multi-level and macro-level research; and in the course, some IHRM theoretical frameworks/models have been developed. However, even more of such IHRM research endeavours are anticipated, as past research has unravelled some major issues and gaps in the research studies, theory building and practical aspects of IHRM. Further investigation into these issues and gaps would contribute to enhanced understanding of practical IHRM and augmentation of IHRM theory. Where theory development is concerned, future research is anticipated to contribute to theoretical rigor that is currently lacking in IHRM, and to ensure that such theoretical rigor takes form with relevance to IHRM in practice.

The overall lesson learned from the existent IHRM research is that theory building in IHRM should never be based on restrictive perspectives, much less a single perspective; instead, it should be based on multiple perspectives and a view towards

10 De Cieri et al. (2007) substantiate this assertion (concerning conceptual categories and dimensional reality) using the following example: the dominant organizational reality of MNEs (multinational enterprises) has traditionally been that of large, mature organizations which have gone through linear stages of internationalization; however it has been argued that observations about large MNEs are also applicable to small and medium-sized MNEs.
comprehensiveness. As far as possible, it should integrate all of the following perspectives: micro as well as macro perspectives; local as well as global perspectives; strategic as well as operational perspectives; theoretical as well as functional perspectives; cultural as well as non-cultural perspectives; and finally, interdisciplinary perspectives. It is necessary to integrate multiple perspectives in IHRM theory building in order to advance comprehensive knowledge about IHRM and spur IHRM toward theoretical rigor.

On the above bases, the existent research endeavours in developing integrative IHRM frameworks/models are clearly a positive contribution to IHRM theory building. Though not emphasized by the originators, the integrative IHRM frameworks/models highlighted in the above literature review imply the benefit of inclusive and eclectic approach to IHRM theory building. Taking this approach to theory building is arguably the first essential step to avoid a narrow view and narrow definition of IHRM. In this sense, for researchers seeking to contribute towards the definition of IHRM through advancing integrative IHRM frameworks/models, a common scheme that facilitates inclusive and open approaches to IHRM theory building is beneficial. It is essential that this common scheme incorporates major considerations pertaining to the increasingly strategic focus of IHRM.

In conjunction with the strategic focus of IHRM, IHRM theory building endeavours necessarily include reflection on the ‘best fit’/‘best practice’ approach to IHRM. This is in view of the fact that being ‘strategic’ in IHRM entails identifying the most suitable and most effective (that is, the ‘best’) approach to IHRM. In reflecting on the ‘best fit’/‘best practice’ approach to IHRM, it is by implication necessary to dwell on the
phenomena of ‘global co-ordination’/’global integration’ and ‘local responsiveness’, which parallel ‘standardization’ and ‘localization’ of HR policies/practices respectively. After all, identification of ‘best practice’/’best fit’ in IHRM entails asking questions on what, and to what extent, to standardize and localize.

In addition to the above two considerations (namely strategic focus and HR ‘best practice’/’best fit’ in IHRM), the common scheme for IHRM theory building is necessarily underscored by contextual considerations. This is in view of the major impacts of contextual elements on various aspects of IHRM. To be added to these contextual considerations are considerations of various internal and external factors facing the firm, as well as the effects of perception and conception on understanding IHRM phenomena. The crux of the matter is that IHRM is highly context-specific and context-dependent; and such contextual specifics are compounded by the fact that IHRM operates in cross-national, cross-cultural settings. In this context, consideration of ‘diversity’ necessarily constitutes yet another facet of the common scheme of IHRM theory building.

Finally, it is imperative that the phenomena associated with globalization be emphasized in the common scheme of IHRM theory building. Otherwise, whatever IHRM conceptual/theoretical frameworks developed would be irrelevant to the contemporary global situation, let alone providing an accurate account of IHRM. Such emphasis is necessarily underscored by a view to addressing the gaps in understanding the micro- and macro-level IHRM phenomena. This would include putting together micro variables and large phenomena of IHRM, showing the intra- and inter-links between
them. One way to begin establishing these links is to include them in the definition of IHRM.

2.4 Definition of IHRM

2.4.1 Definition of IHRM as an Area of Concern in IHRM Research

As briefly noted at the start of this chapter, the lack of a conclusive definition of IHRM is one of the major challenges facing IHRM as a scholarly field. The comprehensive review of IHRM literature in the early stage of this study indeed unveiled variety in the existent descriptions and conceptual understanding of IHRM. This indicates that there has so far been no consensus among IHRM researchers and authors on this fundamental aspect of IHRM. This issue had in effect been highlighted in the 1990s (e.g. Adler and Bartholomew, 1992; Clark, 1996; Dowling and Schuler, 1990; Scullion, 1995; Welch, 1994) and again in the 2000s (e.g. Clark et al., 2000; Ozbilgin, 2005; Rowley and Warner’s, 2007; Scullion, 2005). Apparently, little has been attempted or achieved by IHRM researchers in this regard in the past two decades. The remarks of Ozbilgin (2005) and Clark et al. (2000) are notable. The former comments that IHRM studies have hardly attempted to provide a stand-alone definition of IHRM; the latter alludes to possibility of IHRM researchers having avoided the problem of defining IHRM.

Among the authors who have highlighted issues concerning definition of IHRM, the discontent revolves around the fact that the existent ‘definitions’ of IHRM are ‘descriptive and academic oriented’; and that IHRM is generally ‘ill-defined’ and ‘narrowly-defined’. In addition, there is a concern about the lack of consensus on the areas covered by IHRM and the variety of interpretations about IHRM. The following are what some of these authors have to say:
Many people in the past have found HRM and IHRM to be a rather vague and indeed elusive notion – we must admit – not least because it seems to have a variety of interpretations [...] IHRM as such is a fairly recent conceptual topic in the literature and its roots are not explicitly accounted for and fully explained. [...] IHRM appears to be ‘exceptional’ in business practice rather than the rule in how people are managed.

(Rowley and Warner, 2007, p. 713)

[International HRM literature is characterized by an emphasis on functional activities at the expense of the development of theoretical foundations. The result is an extremely narrow definition of international HRM that suffers from conceptual and normative limitations similar to those in models of domestic HRM.

(Clark et al., 2000, p. 11)

The unclear concept and inconclusive definition of IHRM is evidently a major theoretical concern, the remedy of which hinges on focussed IHRM research and theory building endeavours. Such endeavours are, in any case, a vital part of the development of IHRM as a relatively new scholarly field. Logically speaking, while many aspects of IHRM – as both a scholarly field and a professional practice – require researching, its conceptual understanding and definition is one of the most fundamental aspects to be addressed.
2.4.2 Existent Descriptions of IHRM as Exemplification of Inadequacies in the Existent Definition of IHRM

According to Morgan’s (1986) model (FIGURE 2.3), IHRM is the interplay between three elements, namely human resource activities, types of employees and countries of operations. Verbally, IHRM has been described and loosely defined in various veins. In the most general vein, it has been described as ‘human resource management in a global context’ (Briscoe et al., 2009) and ‘worldwide management of human resources’ (e.g. Brewster, 2002; Brewster and Suutari, 2005; Briscoe and Schuler 2004; Harris and Brewster, 1999; Poole, 1999).

![FIGURE 2.3 Morgan’s (1986) IHRM Model](image)

In Lucas, Lupton and Mathieson’s (2006, p.48) words, ‘[i]nternational HRM is managing an international workforce including expatriates, frequent commuters, cross-cultural team members and specialists involved in international knowledge transfer’. This is one of the more specific descriptions of IHRM. Another such description is that provided by Scullion (2005, p. 4): ‘[IHRM is about] the HRM issues and problems arising from the internationalization of business, and the HRM strategies, policies and practices which firms pursue in response to internationalization of business.’ Taylor et
al. (1996), meanwhile, refer to IHRM as ‘the MNC’s IHRM system’ and define it as follows:

\[
\text{[T]he MNC’s IHRM system [is] the set of distinct activities, functions and processes that are directed at attracting, developing and maintaining an MNC’s human resources. It is thus the aggregate of the various HRM systems used to manage people in the MNC, both at home and overseas.}
\]

(Taylor et al., 1996, p.960)

IHRM has also been defined broadly in terms of what it covers as a field. According to Bjorkman and Stahl (2006, p.1), as a field, IHRM covers ‘all issues related to the management of people in an international context’, as well as ‘a wide range of human resource issues facing MNCs in different parts of their organizations’. To De Cieri et al. (2007, p. 283), IHRM is ‘a branch of management studies that investigates the design and effects of organizational human resource practices in cross-cultural contexts’. As for Briscoe et al. (2009, p.20), ‘the field of IHRM is the study and application of all human resource management activities as they impact the process of managing human resources in enterprises in the global environment’. As a field, IHRM has also been stated, repeatedly by several authors, in a more detailed vein as follows:

\[
The field of IHRM is about understanding, researching, applying and revising all human resource activities in their internal and external contexts as they impact the processes of managing human resources in enterprises throughout the global environment to enhance the experience of multiple stakeholders.
\]

(Briscoe and Schuler, 2004, p.20; Schuler and Jackson, 2005; Schuler and Tarique, 2007, p.718; Sparrow and Braun, 2006; Sparrow and Brewster, 2006)
As pointed out by Briscoe and Schuler (2004), the ‘multiple stakeholders’ mentioned in the above IHRM definition include the following parties: investors; employees; partners; suppliers; environment; and society. It is notable that Briscoe and Schuler (2004) (as well as Briscoe et al., 2009) define IHRM in relation to HRM. Briscoe and Schuler allude to IHRM as largely about ‘internationalization of HRM’. According to the authors, HR managers in most types of firms are confronted with at least some aspects of internationalization of HRM; and internationalization of HRM can take many forms. The authors allude to the following, among others, as the main activities of IHRM: (i) meeting the ‘ever-increasing demands for new, internationally focused [HR] competencies’; and (ii) ‘[helping to develop] the understanding and competencies necessary for HR managers to succeed (personally and professionally as business contributors) in the international arena’ (Briscoe and Schuler, 2004, p.21).

Besides Briscoe and Schuler (2004), Dowling and Welch (2004) also define IHRM in relation to HRM. According to the latter authors, IHRM involves the same activities as domestic HRM except for the aspect of managing diversity. The authors stress that the way workforce diversity is managed within a single-country context (in domestic HRM) may not be applicable to a multinational context (in IHRM) without some modifications. As can be gathered from the authors’ assertions, this disparity between domestic HRM and IHRM is notwithstanding two facts, namely (i) domestic HRM is increasingly taking on some of the characteristics of IHRM, as it deals more and more with a multicultural workforce (as is the case with global firms); and (ii) some of the current focuses of domestic HRM on managing workforce diversity may prove to be beneficial to the practice of IHRM.
Through their broad-based verbal descriptions of IHRM, all the afore-mentioned authors highlight, directly or indirectly, that IHRM concerns more than one national context. Ozbilgin (2005) is another author who mentions the same indirectly, albeit through a different way of describing IHRM. In Ozbilgin’s description, IHRM can be any of the following three levels of study and practice: (i) single country, with consideration of the global context; (ii) across countries; (iii) between countries. This description of IHRM parallels the following categorization of IHRM activities by Jain, Lawler and Morishima (1998): (i) single-country HRM activities that entail considerations of HR issues in the global context; (ii) HRM activities across countries, entailing, for example, management of international assignments, expatriation and repatriation (HRM in MNCs); and (iii) HRM activities that address national differences between a global company’s home-country operations and host-country operations (comparative HRM).

It is evident that the varied concepts and definitions of IHRM at present stem from different approaches to understanding IHRM and different ways of describing it. While the existent IHRM descriptions have each contributed to the current understanding of IHRM, they are arguably inadequate for presenting a conclusive, comprehensive and practice-relevant definition of IHRM. A very close examination of the inadequacies in the existent descriptions/definitions of IHRM is necessary before IHRM researchers can build on them to seek a more appropriate course in conceptualizing or defining IHRM.
2.4.3 Closer Examination of Inadequacies in the Existent Definition of IHRM

The literature reviewed in the preceding sections suggests that the field of IHRM is in need of a clear, conclusive, comprehensive and practice-relevant definition. By implication, researchers seeking to define IHRM need to examine a wide spectrum of issues pertaining to practical and theoretical IHRM. This is arguably a fundamental step to defining IHRM adequately. In addition, there is a need to consider the existence of three different IHRM research strands – namely ‘HRM in MNCs’, ‘cross-cultural management’ and ‘comparative HRM’ (De Cieri and Dowling, 1999). With variation between these research strands in terms of the area of discipline, research purpose and methodological approach (Keating and Thompson, 2004), the existence of three research strands in the field invariably complicates the task of defining IHRM.

The implication of the variations between the three research strands is even more apparent when examined in relation to Keating and Thompson’s (2004) perspectives. Highlighting ‘disciplinary introspection’ within and between each of the strands, Keating and Thompson (2004) opine that it is necessary to look beyond disciplinary boundaries for contribution towards theory building in IHRM. In this regard, the authors suggest integrating the three research strands into a framework that embraces the disciplinary areas and approaches concerned. It is through this integrative framework that the authors anticipate cross-fertilization of ideas and methodologies between the three strands – and ultimately, an inclusive approach to IHRM theory building and enriched research across the field. On the whole, the authors encourage IHRM researchers to look into the overlaps and gaps between the three strands, thereby engage in collaborative, interdisciplinary, comparative and cross-cultural research.
Insofar as the endeavour to conceptualize or define IHRM is concerned, the general insight derivable from Keating and Thompson’s (2004) assertions is twofold. First, disciplinary sectarianism between the three strands of IHRM research is one of the root causes of the existing inadequacies in the concept/definition of IHRM. Second, IHRM researchers need to look beyond disciplinary sectarianism to contribute towards the concept/definition of IHRM.

From Keating and Thompson’s (2004) explications, it is clear that issues of all three IHRM research strands require equal and concurrent attention in the endeavour to conceptualize or define IHRM. As can be derived from the authors’ explications, some of the necessary considerations within this endeavour are as follows: (i) the need for a broader, holistic and strategic view of HRM in MNCs (‘HRM in MNCs’ strand); (ii) the need to include, apart from culture, other variables in explaining the variance in management practice worldwide (‘cross-cultural management’ strand); (iii) the need to continue with the ‘convergence versus divergence’ debate, taking cognizance that convergence and divergence of HR policies/practices may each occur at both the micro and macro levels of the organisational life of global firms (‘cross-cultural management’ strand); (iv) the need to examine the concept of HR ‘best practice’, as well as the applicability and effectiveness of certain national HR systems and practices in other national contexts (‘comparative HRM’ strand); (v) the need to adopt a process-oriented approach to understanding the transition hence convergence and divergence of HRM between countries (‘comparative HRM’ strand); and (vi) the need to look beyond cultural and institutional factors, besides being more analytical and explanatory, in comparing HR systems and practices between countries (‘comparative HRM’ strand).
Another essential consideration necessary in conceptualizing/defining IHRM revolves around the question of whether IHRM is ‘a means to an end’ or ‘an end in itself’. This question parallels the question of whether HRM is an ‘intervening variable’ (as in the ‘HRM in MNCs’ strand) or an ‘independent variable’ (as in the ‘cross-cultural management’ strand and, to a lesser extent, in the ‘comparative HRM’ strand) (cf. Keating and Thompson, 2004). Ideas for consideration can be drawn from Keating and Thompson’s (2004) viewpoints. Keating and Thompson perceive HRM as an intervening variable in an organization’s operations, hence a means to an end – a means to effectiveness and competitiveness in the organization’s performance. The authors indicate that a process model positioning HRM as an intervening variable would be in tandem with the perspective of HRM as a means to an end.

Keating and Thompson (2004) take the above position while deliberating on the advancement of the IHRM field. Arguably, Keating and Thompson have indirectly introduced the idea of ‘a process model of IHRM’. Alongside this position, the authors’ support for De Cieri and Dowling’s (1999) ‘model of strategic HRM in Multinational Enterprises’ is notable. The authors indicate that the advancement of this particular model on the part of De Cieri and Dowling is a good step in the direction of positioning IHRM as a means to an end. Overall, Keating and Thompson suggest that IHRM is a process and a strategic means to managerial effectiveness and business competitiveness in an MNC. Implicit in this notion of IHRM is the understanding that IHRM is an intervening variable in the MNC’s management process. Arguably, this notion of IHRM warrants major consideration in any attempt to conceptualize or define IHRM.
2.4.4 Definition of IHRM: Inferences and Summary Drawn from the Literature Review

Inadequacies in the existent definitions of IHRM are an issue to be fundamentally addressed in IHRM research and theory building. The first step in addressing this issue is arguably the development of enhanced conceptual understanding of IHRM. The crux of the matter is that the development of IHRM, as both a scholarly field and a professional practice, hinges on adequate conceptual understanding of IHRM.

Inconclusiveness in the existent definitions of IHRM is attributable to different approaches taken to understanding and describing IHRM. However, the different understanding and descriptions have each contributed to the contemporary knowledge of IHRM, and should be built on in IHRM theory building. For researchers seeking specifically to conceptualize or define IHRM, it is imperative to venture beyond acknowledging the existent inadequacies in the definition of IHRM. These researchers’ mission ahead is to build on the existent understanding of IHRM, and work towards establishing a clear, conclusive, comprehensive and practice-relevant concept/definition of IHRM. This is an immense challenge/confronting IHRM researchers as far as conceptualizing or defining IHRM is concerned.

IHRM researchers seeking to conceptualize or define IHRM should be encouraged to employ an innovative, process-based, integrative and inclusive approach to their endeavours. This requires the researchers to undertake the following measures:

(i) to look beyond verbal descriptions of IHRM;
(ii) to closely examine various practical aspects of IHRM;
(iii) to appreciate and project IHRM as a process, a strategic means and an intervening variable towards the organization’s objectives;
(iv) to include more explanatory variables in addition to cultural and institutional variables;
(v) to cross-fertilize perspectives from different disciplines and integrate the three research strands of IHRM.

In general, IHRM researchers should be encouraged to adopt a generic and holistic approach to conceptualizing/defining IHRM. In conjunction with this approach, IHRM researchers should be more concerned with ‘how best to represent’ rather than ‘how best to verbally describe’ IHRM. This whole approach requires the researchers to explore and understand IHRM in a comprehensive manner. The choice of research methodology plays a pivotal part in this endeavour. As such, there should be in-depth deliberation linking research methodology with IHRM research from the very outset.

2.5 Methodological Matters in IHRM Research

2.5.1 Significance of Methodological Matters in IHRM Research and Theory Building

This section of literature review is pertinent to the study because ‘understanding and addressing methodological issues in IHRM research is critical and must take priority over the rush to embrace IHRM studies and the associated findings’ (Chan 2008, p.54). Literature reviewed in this section, however, pertains largely to conceptual views of methodological matters rather than specific research methods and techniques in IHRM research. This choice of literature in the review is underscored by two beliefs. Firstly, the understanding and application of methodological principles underlying IHRM research is more fundamental than technical knowledge of specific research methods (Chan, 2008). Secondly, given that most methods are applicable to different research paradigms and theories, the development of theoretical and methodological consistency
depends more on how methods are used, rather than which methods are used (Gephart and Richardson, 2008).

As highlighted earlier, the slow development of a rigorous body of IHRM theory is attributable to two research issues, namely (i) difficulty and cost of developing international level research; and (ii) major methodological problems (Dowling et al., 2008, 2013; Dowling and Welch, 2004). It is discernible that both these issues are inseparable and require ‘mutually inclusive’ consideration in any IHRM research. In other words, the choice as well as implementation of methodology in IHRM research hinge, to a substantial extent, on the difficulty and cost of conducting international-level research.

2.5.2 Effects of Culture on IHRM Research Methodology

Dowling et al. (2008, 2013) and Dowling and Welch (2004) allude to the difficulty of dealing with culture and culture differences as a major cause of methodological problems in IHRM research. In appreciating this perspective of the authors, it is pertinent to look into the impacts of culture and cultural differences on specific aspects of data collection in IHRM research. According to Harris (2008), it is particularly important for IHRM researchers to consider variation of culture in the sampling procedures of data collection. Harris highlights this point in response to the following suggestion of Chan (2008, p.62): ‘a wide and representative variation will avoid methodological problems associated with range restrictions that might lead to ambiguous or even misleading interpretations of findings.’
According to Chan (2008), for a particular construct, the variation in the scores of the selected cultures should reflect the variation in the population of the cultures concerned. Chan also cautions IHRM researchers against assuming that reliability coefficients obtained in one culture is applicable to another culture. Chan specifically stresses this: items that are representative of a construct in one particular culture should not be assumed to be representative of the same construct in another culture.

In connection with the above assertions centred on representative variation in sampling of cultures, Chan considers it problematic that IHRM research frequently involves only two countries. According to Chan, the thrust of this problem lies not only in insufficient variation and lack of cross-cultural representativeness, but often also in the confounding of culture and language. As regards the latter, Chan points out the need to obtain an appropriate sample of several countries/cultures so as to isolate variance and between-country differences. On the whole, it can be inferred from the author's assertions that the effects of culture and language should be fully addressed in the analysis of data and interpretation of overall research results. This issue coupled with that of cross-cultural representativeness should be addressed even from the start of the research study, through careful sampling.

The above deliberations show that Dowling et al. (2008, 2013), Dowling and Welch (2004) and Chan (2008) emphasize the imperative to closely examine the implication of culture in IHRM research methodology. In this regard, Chan is notable for highlighting not only the importance of careful sampling in IHRM research, but also the fact that ‘dedicated discussion on the theory and practice of sampling is virtually absent in the IHRM literature’ (p.61). The author elaborates as follows:
Sampling of cultures and sampling within cultures are both critical issues that have not been given sufficient attention in [...] IHRM research [...]. The central idea [...] is that the sampling procedure should result in a representative sample so that valid inferences as intended by the purpose of the study can be made. The explicit specification of the research question and the proper definition of the target population and context of interest are both critical because they determine the extent to which the resulting sample is considered representative.

(Chan, 2008, p.63)

A clear lesson is derivable from the literature review in his sub-section. It is learned that the major effects of cultures on IHRM (Harris, 2008) are necessarily addressed in IHRM research methodology, starting even at the stage of research design. This is plausible considering that IHRM research is essentially a form of cross-cultural research (Chan, 2008), with ‘the goal of making appropriate inferences from cross cultural data obtained [...]’ (Chan, 2008, p. 57).

2.5.3 Potential of Qualitative Methodology in IHRM Research and Theory Building

According to Gephart and Richardson (2008), qualitative research methodology has much to contribute to the development of IHRM. The plausibility of this assertion can be traced, in the first place, to the fact that development of IHRM necessarily starts with development of IHRM research. Nevertheless, it is notable that the development of IHRM research is enveloped by at least two major issues. First, research in the field of IHRM has been dominated by studies using a quantitative approach (Harris, 2008). This

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11 According to Chan’s (2008, p. 53) definition, research methodology includes study design, procedures, measurement, and data analysis.
indicates that the potential of the qualitative approach to research has not been adequately explored or has been overlooked in IHRM research. Second, there are inadequacies in the current application and implementation of qualitative methodology in IHRM research: while the primary qualitative methods have all been used in IHRM research, their uses are often limited, underscored by the fact that it is generally uncommon to find fully developed applications of key qualitative methodologies (cf. Gephart and Richardson, 2008).

Gephart and Richardson (2008, p.49) argue that IHRM research not only ‘can be advanced by more effective implementation and use of qualitative research methods’, but ‘can also be advanced by more extensive use of interpretive and critical postmodern perspectives’. This argument for the use of qualitative research methods, in conjunction with the interpretive and critical postmodern perspectives in IHRM research, is tenable. This is in view of the parallel between the attributes of qualitative research, interpretivism and critical postmodernism (cf. Bryman and Bell, 2007; Eriksson and Kovalainen, 2008; Geertz, 1973; Gephart and Richardson, 2008; Grbich, 2007).

As pointed out by Gephart and Richardson (2008), qualitative research12 ‘favours inductive, interpretive work and is often oriented to exploration, discovery, description, and theory building’ (p.31): it ‘often adopts an interpretive, naturalistic approach to understanding phenomena’ (p. 30); and it ‘seeks to […] include detailed descriptions of social actors’ behaviour […] with “reasoned interpretations” of this behaviour’ (p.30). These attributes of qualitative research are congruent with those of interpretivism, as the latter ‘seeks often to engage in exploration, discovery, and theory building’, for which

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12 In accordance with Gephart and Richardson’s (2008, p. 31) definition, ‘qualitative research’ refers to ‘qualitative analysis of qualitative data’. This entails a combination of qualitative data collection method and qualitative data analysis method.
‘data that provide “think description” (Geertz, 1973) of events and meanings are needed’ (Gephart and Richardson, 2008, p.48). The attributes of qualitative research and interpretivism combined – interpretive, exploratory and naturalistic/orientation coupled with an emphasis of details and reasoning – are conducive for uncovering deeper levels of reality required in critical postmodern research. As critical postmodernism assumes that the reality is often hidden by political interests, it is the intention of critical postmodern research to delve deep into the reality through the use of appropriate data collection and data analysis methods (Gephart and Richardson, 2008).

All the above deliberations demonstrate the potential of qualitative research in exploring new theoretical grounds, in agreement with what has been directly highlighted by Welch (1994), among other authors. Welch considers qualitative research most appropriate for theory building based on the author’s own study on determinants of IHRM approaches and activities. In explaining the qualitative methods used in the study, Welch alludes to the following three attributes of qualitative research that are best suited to theory building in IHRM: (i) qualitative research seeks to be exploratory and receptive to new ideas, building on existing knowledge without prior commitment to any theoretical model; (ii) qualitative research seeks to interpret phenomena directly within real-life contexts, without excluding any variables at the outset; (iii) by going into the real-life contexts to study contemporary phenomena, qualitative research facilitates understanding of the processes relating to the phenomena, thereby enabling qualitative researchers to answer ‘how’ and ‘why’ questions pertaining to the phenomena concerned.
Ferner’s (1997) perspectives on the positive points of qualitative approach to IHRM research are equally noteworthy as those of Welch (1994), mentioned above, on the appropriateness of qualitative research to IHRM theory building. Ferner (1997, p.31) asserts the following when discussing a research study on the effects of country of origin on HRM in MNCs: ‘[S]urvey work needs to be supplemented by careful qualitative case study research to follow through complex linkages, explore processes, and uncover how decisions are really made.’ In general, Ferner puts across the understanding that a qualitative approach to research facilitates successful exploration and evaluation of several aspects of the organizational life in MNCs. These aspects of organizational life include the following, all of which have a bearing on HRM in MNCs: the dynamics of organizational micropolitics; the constraints within which the firm operates; the subtle interactions between the firm’s structure, strategy, corporate culture and the national culture; and the influence of historical legacies (cf. Shen et al., 2005).

2.5.4 Mixed-Method Approach to IHRM Research

Ferner’s (1997) study, as mentioned above, exemplifies the use of mixed methods – combined qualitative and quantitative methods – in an IHRM research study. The study employed questionnaire survey (quantitative method) and case study (qualitative method) for data collection. Korabik and Lero’s study (2003) is another mixed-method IHRM research study. The authors used focus group interviews (qualitative method) as well as questionnaire survey (quantitative method) to collect data for their research into work-family interface in ten different countries. In the study, data collected from focus group interviews unveiled new variables as well as culturally specific themes. These qualitative data were then used to inform the survey in the quantitative component of
the study. While the qualitative component of the study provided emic- and macro-level understanding of the topic under investigation, the quantitative component presented an opportunity for etic- as well as meso- and micro-level understanding of the topic.

Another case of mixed-method research study in IHRM is that of Brewster, Sparrow and Harris (2005). In this study, which examined the development of IHRM as a significant and rapidly changing field, web-based and mail-out surveys (quantitative method) as well as detailed case studies (qualitative method) were used for data collection. In the data analysis, qualitative data collected from the case studies were used to confirm the findings of the surveys.

A comparison between Korabik and Lero’s study (2003) and that of Brewster et al. (2005) unfolds the fact that qualitative data collection methods can be used either before or after quantitative data collection methods in IHRM research, depending on the research purposes and objectives. Apart from that, both types of methods can be employed to collect qualitative data and quantitative data simultaneously, in a single data collection step. This is evidenced by Bjorkman, Budhwar, Smale and Sumelius’s (2008) research study on HRM in foreign-owned subsidiaries in China and India. In this study, data for hypothesis testing were obtained through questionnaires completed during the researchers’ personal visits to the participating firms. During the same visits, participants were interviewed for specific details pertaining to the research topic (details on the firms’ HR practices and the participants’ experiences surrounding these practices).
The above literature review demonstrates two salient points about methodology in IHRM research. Firstly, despite the fact that ‘the approaches used by qualitative and quantitative IHRM researchers will continue to diverge […] there is much to learn from both approaches’ (Harris, 2008, p. 233). Secondly, ‘no one specific method or technique is inherently better than others in IHRM research’ (Chan, 2008, p.74). In addition, it can be inferred from the above literature review that, in general, qualitative and quantitative approaches can be carefully put together for several purposes in IHRM research: (i) to be more effective in fulfilling the objectives of the study; (ii) to prevent IHRM researchers from inadvertently designing research methodology to confirm their own expectations about the research outcome (cf. Chan, 2008); and (iii) to enhance the rigor of IHRM research in accordance with the following suggestion:

*Complementary methods are needed to produce integrative programs of research that will advance the field of IHRM […] Methodological integration will allow us to obtain triangulation of methods and approaches and achieve convergent validity in substantive inferences in IHRM research.*

(Chan, 2008, p.74)

It is conclusive from the above deliberations that the mixed-method approach is desirable in IHRM research, contingent upon the constraints within the research project concerned.
2.5.5 Methodological Matters in IHRM Research: Inferences and Summary Drawn from the Literature Review

Given the slow development of a rigorous body of IHRM theory, more extensive and intensified IHRM research endeavours are anticipated. Nevertheless, meaningful theoretical development occurs only through fruitful research; and fruitful research hinges on appropriate application of research methodologies coupled with methodological rigor. In order to attain methodological rigor, researchers need to not only thoroughly understand methodological concepts and principles, but also apply these concepts and principles in ways that best befit the research question, purpose and objective.

Alongside the dominance of the quantitative approach, the underemployment and underdevelopment of the qualitative approach to research is a methodological issue to be seriously addressed in IHRM research. This is particularly necessary in the case of research aimed at theory building in IHRM. The qualitative research approach is necessary for theory building: while exploring and developing understanding of processes, linkages, relationships and phenomena, it uncovers new perspectives, new themes and new variables. Through these attributes, qualitative research provides answers to the ‘why’ and ‘how’ questions, complementing the answers to the ‘what’ questions resulting from quantitative research. The complementary contributions of the qualitative approach and quantitative approach to research are most desirable for methodological development, and ultimately methodological rigor, in IHRM research. Such methodological development and rigor in turn contributes towards theoretical development and in the long run, theoretical rigor in IHRM.
Appropriate choice of methodology coupled with discerning application of methodological concepts and principles are imperatives for fruitful IHRM research. However, these are only imperatives on the conceptual dimension of the methodological concern in IHRM research. On the practical dimension, there are ever present culture related issues to be addressed. Culture and cultural differences have a major impact on not only IHRM in practice but also IHRM research. They are a source of problems in the latter, as it is normally difficult to deal with culture and cultural differences in research methodology. Confronting this difficulty on the part of IHRM researchers necessitates considerations of the issues of cultural variation and cross-cultural representativeness in the sampling procedures, as well as cultural contexts in the data analysis process.

In conclusion, it is only appropriate that IHRM research be recognized as a form of cross-cultural research. This means blending IHRM and cross-cultural management in IHRM research. A further implication is that it is necessary to address cross-cultural intricacies right from the start of the research process, even at the stage of selecting the research methodology.

2.6 IHRM in the Context of Managing across Cultures and National Borders

2.6.1 Some Overall Understanding

This chapter has so far examined IHRM in terms of theory building (Section 2.3), definition (Section 2.4) and research methodology (Section 2.5). While the practical aspects of IHRM have been given due attention in these earlier sections of the chapter,
deliberating IHRM next in terms of people management across cultures and national borders would give IHRM in practice a heightened emphasis in this study.

It is self-evident that, as an international people management function, IHRM is faced with major challenges in terms of identifying effective HR practices in cross-cultural, cross-national contexts. Indeed, as pointed out by De Cieri et al. (2007), globalization of business witnesses increased necessity to understand ways in which MNCs may operate effectively; and ‘a major aspect of this understanding is based in the field of international management and its dimension [sic] of international human resource management (IHRM)’ (p.281). At the outset of the this requirement, however, is clearly a fundamental, general question as to what constitutes ‘effective management practices’ (cf. Waldman, Sully de Luque and Wang, 2012).

According to Waldman et al. (2012), ‘good management’ in the competitive and volatile international business environment entails not only a host of important practices and competencies pertaining to long-term concerns of the firm, but also cross-cultural interpretations and leadership processes. In particular, Waldman et al. highlight the potential of leadership processes in bringing about organizational change and organizational learning. In the authors’ assertion, research concerning firm performance and management quality across countries should not focus on management practices to the exclusion of the firm’s leadership quality. In addition, Waldman et al assert the need to account for shared or distributed leadership in such research. According to the authors, ‘leadership is a shared process that includes multiple top management people working in concert to collaborate with, and inspire, each other as well as individuals at lower organizational levels’ (p. 35).
The above assertions of Waldman et al. bring to the fore the people-focused shared processes in managing across cultures and national borders. By implication, strategic people management is necessary to bring about the desired shared leadership and positive performance outcomes in global firms. In strategically managing people across cultures and national borders, the major effects of cross-cultural differences and the need for cross-cultural considerations cannot be over-emphasized. Among others, one crucial consideration is cross-cultural influence on the perception, as well as expectation, of management practices and leadership behaviours (cf. Waldman, 2012).

2.6.2 Some Major IHRM Themes under Ongoing Deliberation

HR Best Practice

HRM originated from Anglo-American scholarly culture that is rooted in the wider political-economic and societal contexts of America (cf. Rowley and Warner, 2007; Tayeb, 2006). Alongside a myriad of issues surrounding cross-cultural/cross-national people management, such background of HRM has a strong bearing on the ongoing and interrelated IHRM themes of ‘HR best practice’, ‘convergence versus divergence’ and ‘global integration versus local responsiveness’. One basic, significant point underlying these themes is that many countries do not share the business contexts of North America where HRM originated (cf. Rowley and Warner, 2007; Tayeb, 2006). These countries include even those that are close to United States in political, cultural and economic terms (Tayeb, 2006). In effect, HRM has not quite taken root in Europe (Clark and Pugh, 2000); more so in developing countries where the political, social and economic conditions are widely diverse (Namazie and Tayeb, 2006; Tayeb and Namazie, 2003). This brings into play questions as to ‘the extent to which MNCs can and do adopt HRM
“best practices” and ‘the extent to which the [HRM best] practices MNCs do adopt are constrained by corporate, national and local considerations’ (Pauwwe and Farndale, 2006, p.92).

The concept of ‘universal HRM best practice’ (HR best practice), which converges mainly on the American model (Dowling et al., 1999) and revolves around the convergence theory, has been challenged by many. The critics subscribe to divergence theory, arguing that people management practices are context-specific and culture-specific (Myloni et al., 2004; Tatli, 2005; Tayeb, 2006). Tatli (2005), for one, argues that if the universal HRM best practice model is adopted in a national context that is different from that of the United States, there may be adverse effects; and this is especially true for firms operating internationally. The basis of Tatli’s arguments resides with the effects of societal contexts on organizational dynamics. In elaborating on the arguments, Tatli highlights variations in labour management among different national contexts. While the much talked about ‘best practice models’ are mostly based on the ‘high-performance work system’ that is prevalent in the United States, there are other significantly different systems in other countries. These systems include the ‘sociotechnical system’ in Sweden; the ‘lean production system’ in Japan; the ‘flexible specialization system’ in Italy; and the ‘diversified quality production system’ in Germany.

In dwelling on the viability, applicability and extent of applicability of HR best practices, it is pertinent to ponder over Tayeb’s (2006) assertion concerning cross-national transfer of HR strategies, policies and practices. Alluding to such cross-national transfer of HR elements as ‘cross-cultural transfer’, Tayeb asserts that where this is
concerned, it is important to distinguish between HR strategies, policies and practices. According to the author, while HRM generally ‘does not travel well’, it is generally easier to transfer HR strategies and policies than HR practices to other countries. As regards the culture-specific nature of some HR policies and practices, the author highlights ‘modification’ as a means to adapt to local cultural conditions.

Modifying HR policies and practices to adapt to local conditions constitutes ‘localization’ in the standardization-localization dichotomy, along a broad spectrum of considerations in practical IHRM. The standardization-localization dichotomy concerns ‘how far MNC subsidiaries’ practices resemble those of the parent company or some global standards (standardization)’ versus ‘how far the practices resemble those of local firms (localization)’ (cf. Evans, Pucik and Barsoux, 2002; Myloni et al., 2004; Pudelko and Harzing, 2007; Rosenzweig, 2006). There has been an ongoing ‘standardization versus localization’ debate in IHRM literature. As a precursor to a literature review in this chapter on this debate – and especially with respect to the topic of HR best practice – a literature review on the ‘convergence versus divergence’ debate is in order. As pointed out by Pudelko and Harzing (2007), the ‘standardization versus localization’ debate constitutes one of the central issues in MNCs, while the ‘convergence versus divergence’ debate a key point of controversy in cross-cultural management; the former debate being at the meso (firm) level, while the latter debate the macro (country) level.

**Convergence versus Divergence**

The ‘convergence versus divergence’ debate concerns the extent to which management practices converge or diverge across nation states. It is stoked up by cases of homogeneity and heterogeneity in management practices across national borders.
(Tregaskis and Brewster, 2006). Many questions surrounding this debate remain unanswered. Among others, the questions concern the following themes: (i) susceptibility of different areas of HRM to convergence and divergence respectively (Rosenzweig and Nohria, 1994; Tregaskis and Brewster, 2006); (ii) the pattern as to how multinational affiliates may be more likely to be locally responsive in certain contexts (Ferner, Quintanilla and Varul, 2001; Gooderham, Nordhaug and Ringdal, 1999; Tregaski, Heraty and Morley, 2001).

One of the most significant topic areas in this debate is that concerning convergence around the ‘one best practice’ model. At the core of the argument for this best practice model is the convergence thesis which, in turn, is underpinned by the institutional theory and globalization theory. Both the institutional and globalization theorists predict convergence of organizational practices. The institutional theorists believe that organizations catch up on best practices as a consequence of technological innovations, minimizing, in the process, differences perpetuated by geographic distances (Morley and Collings, 2004). The globalization theorists, meanwhile, claim that in a borderless world under globalization, economic systems and firm operations are detached from and no longer influenced by nationality factors. This group of theorists categorically assert that, in being transnational, global firms converge on a best practice model (Bartlett and Ghoshal, 1998; Ohmae, 1990; Reich, 1990).

The above beliefs underpinning the convergence thesis have been rejected by some scholars. Studies have shown that dissimilarities between organizations in terms of business forms and management practices do hinder convergence on HR best practice (Morley and Collings, 2004). These studies support the divergence thesis instead of the
convergence thesis. According to the divergence thesis, systems in national institutions constitute a powerful force in shaping local organizational responses (cf. Tregaskis and Brewster, 2006). There is also growing evidence of national and regional variations in management and organizational behaviour that render the globalization theory debatable (Girgin, 2005). A significant case in point is the distinctive Japanese work organization and managerial practices, which Japan maintains tenaciously ever since the country emerged as an industrial power in the global economy in the 1970s.

In a major comparative HRM study\textsuperscript{13} that sought to understand the particularities of contexts in the variation of HR policies and their application across countries (in Europe), Brewster (2001) discovered a trend towards a distinctive and converging European pattern of HRM. Notably, this is a case of ‘similarity in trends’ (directional convergence), which is different from ‘increasing similarity of practice’ (final convergence) (cf. Mayrhofer and Brewster, 2005; Mayrhofer, Morley and Brewster, 2004). In agreement with the studies mentioned generally in the preceding paragraph, this study of Brewster does not support the convergence thesis.

Brewster’s (2001) study is comparable to that of Tregaskis and Brewster (2006). The latter examined whether organizations operating in Europe (over a 10-year period) converged in adopting contingent employment practices. This study of Tregaskis and Brewster found that, rather than converging on regional or global practices, the participating organizations adopted contingent employment practices that were in line with local practices. Factors found to be limiting convergence and determining the

\textsuperscript{13} This comparative HRM study was based on the data set gathered through the Price Waterhouse-Cranfield Survey (Cranet-E Survey). This survey is deemed one of the most extensive studies of HRM and industrial relations (Girgin, 2005). The survey initially compared HRM practices in five European countries and had since been extended to cover over 16 countries by 2005.
locally focused practices were local institutional factors, such as microeconomic conditions, industrial relations and government policies that the organizations were embedded in. Congruent with the divergence thesis, the findings of this study suggest that neither regional institutional pressures nor global competitive pressures necessarily lead to convergence of HR practices.

The above literature review demonstrates that the convergence-divergence dichotomy involves a myriad of intertwined factors relating to globalization, institutional systems, culture and organizations. Given that the standardization-localization dichotomy parallels, at the organization level, the convergence-divergence dichotomy, it is palpable that these two dichotomies share the same intertwined factors and intricacies (cf. Pudelko and Harzing, 2007). The following literature review sheds light on these intricacies and various facets of the ‘standardization versus localization’ debate.

**Standardization versus Localization**

The standardization versus localization debate (standardization-localization debate) constitutes one of the oldest and most central debates in literature on MNCs. It concerns the ongoing, opposing pressures between internal consistency (and/or some global standards) and local adaptation in MNCs. As regards MNC subsidiaries’ practices particularly, this debate is about how far these practices resemble those of the parent company and those of local firms. Sometimes this debate is referred to as the ‘global integration versus local responsiveness’ debate. In general, the terms global integration and local responsiveness are employed mostly in respect of general MNC strategies, while the terms standardization and localization in respect of functional areas such as marketing and HRM (cf. Pudelko and Harzing, 2007).
According to Rosenzweig (2006), the standardization-localization debate is highly useful for understanding HRM in MNCs. This assertion is plausible. First and foremost, ‘[w]hile on a theoretical level [the standardization versus localization] debate mainly has been conducted with regard to management practices [in MNCs] in general, human resource management has occupied a particularly important position in empirical studies in this [debate]’ (Pudelko and Harzing, 2007, p. 535). More specifically, this debate is useful for understanding HRM in MNCs because HRM practices in MNCs are shaped by this very dichotomy between standardization and localization (cf. Evans, Doz and Laurent, 1989; Myloni et al., 2004; Rosenzweig and Nohria, 1994). At the core of this dichotomy are the grounds for standardization and localization of HR practices respectively. The grounds for, and actual implementation of, standardization and localization are determined by the following factors, among others: economic consideration; control; institutional influence; and cultural influence (cf. Lindholm et al., 1999).

The relevance of the standardization-localization debate to the understanding of HRM in MNCs can also be viewed in terms of the pivotal role of HRM in global organizations. In the light of globalization, HRM has evolved from a support function to a strategically important function. It is increasingly viewed as a crucial component of any global firm’s overall strategy. Some scholars even identify it as the binding force that holds together globally dispersed units in a global firm (cf. Pudelko and Harzing, 2007; Schuler and Rogovsky, 1998; Teagarden and Von Glinow, 1997).

In recognizing HRM as a bond between their globally dispersed subsidiaries, many MNCs’ headquarters attempt to transfer HR practices to these overseas branches of
theirs (Pudelko and Harzing, 2007). The result of this attempt, as Pudelko and Harzing point out, is the occurrence of ‘country-of-origin effect’ at the subsidiaries. This is a ‘standardization’ situation where HR practices resemble those in the home country more than those in the host countries. This situation is obviously influenced by the ‘control’ factor among other factors determining standardization/localization (cf. Lindholm et al., 1999). It is noteworthy that this situation represents only one of the many standardization/localization situations of HRM in MNCs. Research has often shown ‘localization’ situations that are determined by cultural and institutional factors (cf. Khilji, 2003; Myloni et al., 2004; Pudelko and Harzing, 2007; Schuler and Rogovsky, 1998).

In effect, some empirical research findings have shown that of all the management functions, HRM adheres most closely to local practices (Rosenzweig, 2006). Cultural influence has a major bearing on this localization-prone condition of HRM in MNCs (Tayeb, 2005). According to Tayeb, the culture-specific aspects of the global firms tend to be differentiated in response to local conditions, unlike culture-free aspects\(^{14}\) that tend to be geared towards integration across all subsidiaries. In Tayeb’s elaboration, HRM style and leadership style are part of the culture-specific aspects of the firms; they bring people as well as the values and attitudes of the people into contact with one another.

As can be gathered from Rosenzweig (2006), the comparatively high level of localization in HRM in MNCs is due to the following factors at the subsidiaries of MNCs: mandatory local regulations governing HR practices; strong local conventions;\(^{14}\) The author cites aspects of the firms that are related to financial target and budgetary control as culture-free aspects of the firms.
and the employment of local employees. This points to strong influence of local institutional factors on HRM in MNCs. Reflecting the same and consistent with the prediction of institutional theorists are the findings of Gunningle, Murphy, Cleveland, Heraty and Morley (2002). Gunningle et al. had examined firms in five European countries (UK, Ireland, Denmark, Germany and Sweden) using the database of the Cranfield network of European HRM\textsuperscript{15} and found evidence of the following phenomenon: as host country regulations increase, home country influence decreases, necessitating localization in certain aspects of HRM in the MNCs concerned. It is therefore conclusive that institutional factors are a powerful determinant of localization in HRM in MNCs.

According to Myloni, Harzing and Mirza (2004, 2007), an MNC always engages in many differentiated practices, each with a different level of susceptibility to pressure for local adaptation. A single MNC subsidiary may adopt, all at the same time, management practices that resemble those of the parent company, management practices that resemble those of the host country and management practices that follow global standards. To paraphrase Myloni et al., differentiated practices in an MNC subsidiary comprise ‘standardization’, ‘localization’ and some sort of ‘best practice’. By implication, HR practices in MNCs are not confined within the standardization-localization dichotomy: apart from standardized and localized HR practices, there are also HR ‘best practices’.

\textsuperscript{15} This database resulted from the Price Waterhouse-Cranfield Survey (Cranet-E Survey). This survey is deemed one of the most extensive studies of HRM and industrial relations (Girgin, 2005). The survey initially compared HRM practices in five European countries and had since been extended to cover over 16 countries by 2005.
Standardization, localization and the adoption of ‘best practices’ co-exist as an integral part of the major challenge to simultaneously achieve global integration and local responsiveness on the part of MNCs (cf. Bartlett and Ghoshal, 1998; Evans et al., 2002; Rosenzweig, 2006;). In order to achieve these two ends of the global integration-local responsiveness dichotomy simultaneously, MNCs need to be both global and local in scope, as well as both centralized and decentralized in the management process. As highlighted by Evans et al. (2002), these are key dichotomies facing MNCs in the management of their foreign operations; and both ends of each dichotomy must co-exist. Bartlett and Ghoshal (1998) call this state of co-existence a ‘dynamic balance’ between globalization and localization. According to the authors, global firms must maintain this dynamic balance in order to become truly transnational.

2.6.3 IHRM in the Context of Managing across Cultures and National Borders: Inferences and Summary Drawn from the Literature Review

Any endeavour to understand IHRM in practice entails answering, at the outset, questions concerning effective people management across cultures and national borders. Such endeavour is necessarily based on the understanding that people management in cross-cultural/cross-national context entails, among others, shared leadership processes and cross-cultural interpretation. For a global firm, the former is instrumental in bringing about the desired organizational outcomes; the latter is necessary in addressing varied perceptions and expectations with regard to management and leadership approaches, among diverse people in the firm.

The above understanding serves as a departure point for exploring the major, ongoing themes and dichotomies in IHRM in practice. As a critical part of the exploration
process, connection should be made between cross-cultural shared leadership, cross-cultural interpretation and cross-national administering of HR strategies, policies, practices, and processes. The crux of the matter is that in endeavouring to explore and better understand IHRM, there should always be an emphasis on cross-cultural particularities. Due consideration should also be given to the fact that HRM is rooted in the wider North American contexts.

With many questions surrounding the prevalent dichotomies within IHRM, and with these questions manifesting as ongoing debates, any endeavour to understand IHRM in practice necessarily seeks and dwells on new insights into these dichotomies. Meanwhile, the many factors influencing IHRM policies and practices should be examined as intertwined factors and in relation to globalization. Overall, such endeavour should centre on the pivotal and strategic roles of IHRM in global organizations.

2.7  **Research Focus Derived from the Literature Review**

2.7.1  **Refined Research Purpose**

Drawing on insights derived from the above literature review, the general preliminary purpose of this study was refined. While the general preliminary purpose was to explore and better understand IHRM as both a scholarly field and a professional practice, the refined purpose was to contribute to IHRM theory building through conceptualizing IHRM. This refined purpose generally emanated from inadequacies in the development of IHRM theory and specifically, inadequacies in the existent definition of IHRM.
Geared towards contributing to theory building in IHRM and the concept of IHRM as a professional practice, this refined research purpose is underscored by the importance to include the following elements that have been lacking, inadequately addressed or randomly addressed in existent attempts to understand and/or define IHRM: (i) integration of multiple perspectives; (ii) inclusive and interdisciplinary approach; (iii) holistic view; (iv) strategic focus; (v) contextual considerations; (vi) consideration of ‘global-local’ gaps; (vii) consideration of ‘macro-micro’ gaps; (viii) emphasis of globalization; and (ix) emphasis of process.

### 2.7.2 Research Questions and Research Objective

For the refined research purpose coupled with its underlying elements of concern, the preliminary research question identified in the study was how IHRM can be conceptualized so as to encompass both the practical and theoretical perspectives. In specific terms, this general, preliminary research question reads as follows:

*In what manner can IHRM be conceptualized so as to contribute to both holistic understanding of IHRM practice and holistic development of IHRM theory?*

In tandem with the above preliminary research question, the ultimate research question and research objective of the study were then identified as follows.

**Research Question Statement:**

*What are the fundamentals and essentials of IHRM; and how can these ingredients of IHRM be consolidated to theoretically represent IHRM in a generic, holistic, comprehensive and practice-relevant light?*
Research Objective Statement:

To conceptualize IHRM through the formulation of a generic, holistic, comprehensive and practice-relevant IHRM conceptual model.

2.7.3 Concluding Remarks: General Implications for the Study

The research question and objective of this study were oriented towards achieving holistic and comprehensive understanding of IHRM, centring on a clear purpose to contribute to IHRM theory building. By implication, it is necessary to comprehensively answer a good number of ‘how’ and ‘why’ questions pertaining to IHRM. In order to answer such questions, it is necessary to explore processes, linkages, relationships and phenomena, uncovering fresh perspectives, themes and variables pertaining to IHRM in the process. Overall, such expectancy and planned orientation of the study point to qualitative strategy as the most appropriate strategy for the study (cf. Bryman and Bell, 2007; Saunders, Lewis and Thornhill, 2009).
CHAPTER 3
METHODOLOGY

3.1 Introduction

This chapter provides a comprehensive account of methodological matters of the study. These matters are deliberated with respect to business and management research; the state of the field of IHRM; and the purpose and objective of the study. Some of these matters are discussed in relation to one another for further clarification of the study and/or the research contexts.

Section 3.2 introduces the philosophical stance, ontology and epistemology underlying the study. Section 3.3 explains the approach taken in the study with respect to research paradigm; research field; research purpose in general; and the context of IHRM in particular. Section 3.4 explains the choice of research strategy employed in the study; and the emphases and research structure under such strategy.

Section 3.5 lays out the steps involved in the study, focussing mainly on the considerations in each step. Section 3.6 introduces the data collection method employed in the study and explains the rationale for the choice. Section 3.7 explicates the approach, strategy and process of data analysis in the study, including the fundamental notions underlying the data analysis.
3.2 Philosophical Stance of the Study

At the fundamental level, this study was based on the assumption that management research is about understanding the meanings attached to organizational life. This assumption was used to address the overall concern of the study, which was to understand and explain what goes on behind all that is apparent in global firms’ HR policies, practices and processes. The assumption and central concern of the study combined saw the study taking an interpretivist stance (interpretivism).

Based on the interpretivist stance, this study was geared towards gaining rich insights into the subject matter under study. In specific terms, this study aimed at gaining rich insights into the realm of IHRM, without following definite ‘laws’, formulas or generalizations. Equally important, with an interpretivist stance, this study took an empathetic approach with regard to the participants in the study, seeking to understand their social world and perspectives. An empathetic approach is suited to this study, as the study pertained to people, people management and the complex social world within global firms. The relevance of the interpretivist and empathetic views of this study can be further appreciated through the following assertion of Saunders et al (2009, p.116):

Some would argue that an interpretivist perspective is highly appropriate in the case of business and management research, particularly in such fields as organizational behaviour, marketing and human resource management. Not only are business situations complex, they are also unique. They are a function of a particular set of circumstances and individuals coming together at a specific time.

Clearly, the relevance of the interpretivist and empathetic views to business and management research largely resides with the complexity of the business environment.
However, even with such open views, it is necessary that the research assumes a clear position with regard to ‘nature of reality’ (as in ontology of research) and ‘nature of knowledge’ (as in epistemology of research).

### 3.2.1 Ontology Underlying the Study

Ontologically, and in tandem with its interpretivist stance, this study took the subjectivist stance that in order to understand people’s action, it is necessary to explore the subjective realities coupled with the subjective meanings motivating those actions. As such, while giving due attention to the structure of management, this study emphasized the ways individual managers attach meanings to their roles and to the issues confronting their organizations’ managerial processes. Generally, it was the stance of this study that the realities of organizations are socially constructed, subjective, changeable and consisting of multiple meanings (cf. Saunders et al., 2009).

The subjectivist stance (subjectivism) taken in this study is in contrast with the objectivist stance (objectivism). Where management is concerned, the assumption underlying objectivism is that management is similar in all organizations except for the aspect of organizational objectives. Hence, under objectivism, the emphasis is on the structural aspects of management, and an organization is viewed as a tangible object, the reality of which is external to the individuals who make up the organization. Simply, under objectivism, social phenomena and their meanings are deemed to have an existence that is independent of social actors (cf. Bryman and Bell, 2007; Saunders et al., 2009).
In subscribing to the subjectivist stance, this study took the ontological position of constructivism. This is where social phenomena and their meanings are deemed to be dependent on social actors, produced through social interaction, and in a constant state of revision. Where management and organizations are concerned, there is no excessive preoccupation with structures, formal characteristics and rules; the emphasis is on achieving order through everyday social interaction. In taking the position of constructivism, this study therefore researched IHRM from the view that order in management and organizations is something that is worked out and constantly evolving.

### 3.2.2 Epistemology Underlying the Study

In accordance with the above-mentioned positions of the study, the belief underpinning this study was far from the positivist belief (positivism), which presumes that only phenomena that can be seen, measured and modified can give rise to credible data. Instead, the study was of the belief that social phenomena (such as human feelings and attitudes) are perfectly valid objects to be studied for development of knowledge; in addition, data presented in narrative form is not less credible than data presented in statistical form. Generally, the study subscribed to the belief that knowledge is acquired through delving into the details and reality of situations/phenomena under study; and that ample attention should be given to subjective meanings in the process.
3.3 Research Approach

3.3.1 Inductive Approach: Rationale Pertaining to the Research Paradigm and Research Field

Between the deductive approach and inductive approach to research, this study employed the latter. This choice was based on the interpretivist stance underlying the study. In accord with interpretivism that emphasizes details, reality, as well as meanings that are socially constructed, subjective, multiple and changeable, the inductive approach emphasizes a close understanding of the context associated with the research object coupled with meanings humans attach to events (cf. Bryman and Bell, 2007; Saunders et al., 2009). This is different from the theoretically-based deductive approach that is congruent with the research philosophy of positivism. In positivism, scientific principles are followed; and quantifiable observations and statistical analysis are emphasized.

In relation to the research field, the rationale behind the inductive approach to this study revolved around the current state of IHRM as a relatively new scholarly field. As unfolded in the literature review in Chapter 2, there are ongoing deliberations among researchers as to what constitutes IHRM. Besides the fact that there is hardly any comprehensive literature concerning the definition of IHRM, literature featuring a conceptual framework of IHRM is also limited. Simply, there is hardly an established theory or an immediately identifiable descriptive framework on what constitutes IHRM. Such theory and frameworks, if available, can be applied in conjunction with the use of scientific methods in a deductive study of IHRM. With a lack of such theory and frameworks, an inductive study is more relevant. This is especially true given that an inductive approach is useful for formulating theoretical frameworks. In sum, in the
current situation where there is insufficient knowledge about what constitutes IHRM, the inductive approach is more suited to this study than the deductive approach. This view can be better appreciated through the explanation of Saunders et al. (2007, p. 127):

*With research into a topic that is new, is exciting much debate, and on which there is little existing literature, it may be more appropriate to work inductively by generating data and analysing and reflecting upon what theoretical themes the data are suggesting.*

### 3.3.2 Inductive Approach: Rationale Pertaining to the Research Purpose

The ultimate purpose of the study was ‘to contribute to IHRM theory building through conceptualizing IHRM’. This was underscored by a general preliminary purpose to explore and better understand IHRM both as a scholarly field and a professional practice. These research purposes invariably require any researcher to ask questions, to find out what is happening, to seek new insights and to assess phenomena in a new light. These measures typify those of an exploratory study (cf. Robson, 2002) and represent the requirements of an inductive study. Given its research purposes, ultimately it was only appropriate that this study employed an exploratory and inductive approach to researching into IHRM.

Despite its exploratory and inductive nature, this study was not without a clear direction. This study was founded on a clear research question as well as a clear research objective. However, it was understood from the outset of this study that being ‘exploratory’ meant the study would initially have a broad focus that become narrower with the progress of the research (cf. Adams and Schvaneveldt, 1991).
3.3.3 Inductive Approach: Further Perspectives

Besides the philosophical stance of the study, the current state of IHRM as a scholarly field and the purpose of the study, a further factor behind the inductive approach to this study revolved around ‘meaning’, ‘context’ and ‘perception’. Without any pre-set, restrictive propositions, the inductive approach allowed the Researcher to explore and uncover meanings pertaining to the participating MNCs’ contexts and participating managers’ perceptions. The findings of the study factually reflected MNCs’ collective social realities as well as international managers’ perceptions, views and experiences in relation to HRM and other aspects of management in MNCs. These outcomes served the intent of the study to develop conceptual understanding that is in accord with social realities pertaining to HRM in MNCs – in other words, conceptual understanding that can be practically applied (cf. Bryman, 1988; Bryman and Bell, 2007; Saunders et al., 2009).

3.4 Research Strategy

3.4.1 Qualitative Strategy: The Rationale

A qualitative strategy\(^1\) was employed in this study. The rationale behind this strategy resides with the philosophical stance, approach, and purpose of this study.

Rationale Pertaining to the Philosophical Stance and Approach of the Study

As indicated by Bryman and Bell (2007), while qualitative research most obviously

\(^1\) In this study, ‘research strategy’ refers to the choice between ‘qualitative research’ and ‘quantitative research’. This concept of ‘strategy’ in research is drawn from Bryman and Bell (2007). There are authors who refer to ‘research strategy’ as the general plan or method by which the researcher goes about answering the research question(s). Saunders, Lewis and Thornhill (2009), for example, listed the following as some of the research strategies: experiment; survey; case study; action research; grounded theory; ethnography; and archival research.
tends to be concerned with words\textsuperscript{17} rather than numbers, the distinctiveness of qualitative research does not reside solely in the absence of numbers. The epistemological position, ontological position and approach of the study are particularly important in determining the aptness of the qualitative strategy. Encompassing all these dimensions, the nature of qualitative research, according to the authors, is as follows:

(i) it is of interpretivist stance, where the emphasis is on understanding the social world through examining the participants’ interpretation of that world;

(ii) it is of social constructionist stance, where social properties are believed to be outcomes of the interactions between individuals and not isolated phenomena;

(iii) it employs an inductive approach, where theory is generated out of research.

This study took all the above positions.

**Rationale Pertaining to the Purpose of the Study**

The rationale behind this study was inadequacies in the development of IHRM theory generally, and inadequacies in the existent definition of IHRM specifically. Accordingly, the purpose of this study was to contribute to IHRM theory building through conceptualizing IHRM. The pertinence of qualitative strategy to the purpose of this study can be appreciated in terms of the central position of concepts/theories in quality research. First of all, ‘concepts’ are a substantial part of the landscape of qualitative research: concepts and theoretical elaboration emerge from the qualitative data, and from other respects of the qualitative research process (Bryman and Bell, 2007; Goodrick, 2007).

\textsuperscript{17} While qualitative research is most commonly associated with spoken and written words, it can also involve action (participation), audio-visual materials (e.g. video) or visual materials (e.g. pictures, photographs – photo voice, photo elicitation, photo novella etc.) (Bryman and Bell, 2007; Goodrick, 2007)
Throughout this process, fine nuances of concepts, alternative views of concepts and manifestation of such views are never sidelined. Ultimately, in qualitative research, concepts serve as cues and a means to developing as well as diversifying ideas (cf. Blumer, 1954).

The absence of a definitive IHRM concept/definition is indicative of room for existing notions of IHRM to be viewed in alternative ways, and to be expanded and developed into more definitive concepts and theory. It was around this phenomenon that this study endeavoured to develop IHRM concepts to contribute to the development of IHRM theory.

3.4.2 Qualitative Strategy: The Emphases

Meanings in Relation to Social Reality

As a qualitative research study in one of the fields in social science, this study took cognizance of the fact that participants in social science research attribute meanings to events, phenomena and their environments (cf. Bryman and Bell, 2007). For this reason, the study accorded much attention to ‘meanings’ attributed by the participants, especially in the data collection and data analysis processes. For data collection, the study conducted interviews to interact face-to-face with the participants and fully engage with the participants’ minds. The study then took the participants’ perspectives and revelations as a departure point in data analysis.

Apart from the research stance and approach explicated earlier, this study drew on Lofland and Lofland’s (1995) and O’Leary’s (2010) assertions in making the choice of data collection method. According to Lofland and Lofland, the epistemology underlying
qualitative research consists of the following two tenets: (i) it is necessary to ‘participate’ in the mind of another human being to acquire knowledge; (ii) ’face-to-face interaction is the fullest condition of participating in the mind of another human being’ (p.16). According to O’Leary, as there is possibility of negotiated outcomes in qualitative methodologies, there is a need for the researched to be a contributor to a researcher’s constructed meanings in qualitative research.

Context and Process of Social Reality

Within its qualitative research strategy, this study was concerned with contexts associated with events and people’s behaviours. It emphasized contextual understanding of events surrounding HRM in MNCs and people’s behaviours in MNCs. It also emphasized ‘contextual sensitivity’, which means it was cognizant that ‘apparently uniform institutions take on a variety of meanings in different contexts’ (Silverman, 2006, p.17). In this connection, naturally occurring data in qualitative research are a source for describing how a certain phenomenon is locally constituted: such data enable qualitative research ‘to find the sequences (‘how’) in which participants’ meanings (‘what’) are deployed and thereby establish the character of some phenomenon’ (Silverman, 2006, p.44).

Further to the above, it was recognized in this study that, where social events, phenomena and behaviours are concerned, ‘context’ is inseparable from ‘process’. Giving due attention to social processes, this study was interested in the following respects of the social realities in individual MNCs: the ways events, phenomena and behaviours develop over time; the ways different elements (for example values, attitudes, beliefs, behaviours) interconnect in individual MNCs’ social systems; the
stages in the development of events (cf. Bryman and Bell, 2007). In summary, as qualitative research, this study recognized social reality as consisting of a host of interdependent social events and elements; it took into consideration the process in which these events and elements develop. It was along this line that this study addressed its data.

**Descriptive Details**

With its emphasis of contextual understanding, contextual sensitivity, process of social reality and generally, meaning pertaining to social reality, this study entailed descriptive details in its reporting of research outcome. These descriptive details in turn projected this study as qualitative research. The significance of descriptive details in qualitative research is evident in the following words of Bryman and Bell (2007, p. 418):

*Very often qualitative studies seem to be full of apparently trivial details. However these details are frequently important for the qualitative researcher, because of their significance for their subjects and also because the details provide an account of the context within which people’s behaviour take place.*

Descriptive details are the fundamentals for dwelling on the reality under study in qualitative research. To dwell on this reality requires that qualitative researchers ‘truly explore and understand the interactions, processes, lived experiences, and belief systems that are a part of individuals, institutions, cultural groups, and even the everyday’ (O’Leary, 2010, pp113-114). It is the tradition of qualitative research to strongly value ‘depth’ over ‘quantity’; it is ‘the goal [of qualitative research] to gain an intimate understanding of people, places, and situations through rich engagement and even immersion into the reality being studied’ (O’Leary, 2010, p.114).
3.4.3 Qualitative Strategy: The Research Structure

The use of qualitative strategy saw this study asking fairly general rather than very specific research questions at the outset of the research journey. As pointed out by Bryman and Bell (2007), qualitative research does not tend to be constrained by areas of enquiry; this facilitates the uncovering of fresh perspectives that are particularly important to the study during the research process.

Without delimiting the areas of enquiry at the outset, this study employed a flexible approach to its data collection structure: no specific instruments were used for answering very specific questions. Flexibility in data collection method is a common orientation in qualitative research. Such flexibility ensures that qualitative researchers do not impose an inappropriate frame of reference on people and their social world. The relevance of flexibility (in not limiting the area of enquiry) in qualitative research can be further appreciated through the following words of Bryman and Bell (2007, p. 420):

> If a structured method of data collection is employed, since this is bound to be the product of an investigator’s ruminations about the object of enquiry, certain decisions must have been made about what he or she expects to find and about the nature of the social reality that is to be encountered. Therefore the researcher is limited in the degree to which he or she can genuinely adopt the world views of the people studied.

Flexibility in terms of areas of enquiry and structure of data collection is part of the ‘non-linear’ and ‘circular’ orientation of the overall setting of qualitative research. Unlike quantitative research, qualitative research does not operate on pre-set modelling on variables and their mutual correlations or causal relationships. Instead of logico–
deductive mode, qualitative research operates largely on an iterative and reflexive mode. This means in the qualitative research process there is constant reflexivity and circularity, whereby the researcher reflects on the research process in its totality and relates each research step to the previous one.

The major concern in the qualitative research process is not the existence of causal relationships modelled on some earlier research and theoretical literature, but the relevance of empirical materials to the researched question. The central part of this process is the constant linking of empirical analysis to flexible literature review and theories. As such, prior understanding and perspectives of the object under study are subject to further elaboration and development during the research process (cf. Eriksson and Kovalainen, 2008; Giddens, 1988; Haberman, 1978).

### 3.5 Research Steps and Considerations

The following diagram illustrates the steps involved in this study:

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Step 1: Formulation of Research Questions
Step 2: Selection of Sources of Data Collection
Step 3: Collection of Relevant Data
Step 4: Analysis of Data
Step 5: Drawing Up of Findings and Conceptual Framework
Step 6: Writing Up of Findings and Conclusions
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**FIGURE 3.1**

Outward Research Steps in the Study

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18 This linear diagram shows only the outward steps in the study. The actual qualitative research process in this study is non-linear, circular and iterative in nature.
Every step of this study was underpinned by certain considerations and emphases. These considerations and emphases were central to the decisions made with regard to the research design. The Researcher took cognizance of Eriksson and Kovalainen’s (2008) suggestion that a qualitative researcher is a critical and reflexive researcher, who is concerned as to how decisions made during the research process shape the research outcome. In appreciating ‘reflexivity’ and ‘critical attitude’ as necessary attributes of any qualitative researcher, the Researcher sought to critically inspect all steps and their linkages in the research process, as well as to establish the validity of the accounts of the phenomena studied (cf. Eriksson and Kovalainen, 2008; Schwandt, 2001).

**Step 1: Formulation of Research Questions**

This step of the study consisted of three sub-steps, namely:

(i) formulation of general preliminary research question
(ii) formulation of specific preliminary research questions
(iii) formulation of the ultimate research question

As the first step in the research process, the formulation of a research question brings about the research objective and provides the research with a direction. While charting the research direction through this step, the Researcher sought not to have a highly specific research question. This was based on the following reasoning:

*The formulation of the research question(s) should not be so specific that alternative avenues of enquiry that might arise during the*

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19 This term ‘refers to self-consciousness and awareness on the part of the researcher to reflect back on oneself as research tool’ (Goodrick, 2007). The term ‘carries the connotation that business researchers should be reflective about the implications of their methods, values biases and decisions for the knowledge of the social world they generate […] [It] involves willingness to probe beyond the level of straightforward interpretation’ (Bryman and Bell, 2007, p.712).
collection of fieldwork data are closed off. Such premature closure of [...][the] research focus would be inconsistent with the process of qualitative research, with the emphasis on the world view of the [participants in the research], and with the approaches to qualitative data analysis [...]

(Bryman and Bell, 2007, p. 482)

Step 2: Selection of Sources of Data Collection

The selection of the sources of data collection is a very important step in the research process. It must be recognized as such because it has much bearing on the credibility and transferability of the research outcome.

The sources of data collection consist of the relevant sites and subjects from which to collect the data. In the case of this study, the ‘sites’ of data collection was the participating MNCs (‘MNC-participants’), while the ‘subjects’ the participating MNCs’ top managers who took part in this study (‘executive-participants’). Through the choice of the prospective MNC-participants and executive-participants, the Researcher sought to acquire multiple accounts of the social reality of HRM in MNCs, as well as rich accounts of the contextual uniqueness of HRM in individual MNC-participants. Within the constraints of this study, the objective of the Researcher at this stage was two-fold: (i) to obtain a cross-section of MNC-participants that can represent MNCs worldwide, and (ii) to obtain a cross-section of executive-participants who can convey the reality of HRM in MNCs.

The above objective in the selection of sources of data collection was underscored by three specific views concerning the social world, credibility of research outcome and
transferability of research outcome respectively. These views were as follows: (i) there are no absolute truths, but more than one and possibly several accounts, of the social world (Guba and Lincoln, 1994); (ii) multiple accounts of the social reality is pertinent for the credibility of the research findings (Bryman and Bell’s, 2007); (iii) a ‘thick description’ can serve as a ‘database’ for evaluating the transferability of research findings to other milieus (Guba and Lincoln, 1994).

**Step 3: Collection of Relevant Data**

The method and process of data collection in this study were underscored by two major considerations. First, due consideration was given to the fact that qualitative research subsumes several considerably different research methods (Bryman and Bell, 2007). As such, within constraints of the study, it was imperative that this study carefully select a data collection method – and a corresponding data analysis method – that was most suited to its research purpose and objective.

Second, much importance was given to the factor of ‘dependability’ in qualitative research. As gathered from Guba and Lincoln (1994), ‘dependability’ is part of ‘trustworthiness’\(^{20}\) in qualitative research, and an equivalence of ‘reliability’ in quantitative research. The Researcher was cognizant of the importance of addressing this factor in the data collection part of the research process. In connection with this factor, the Researcher paid full attention to the following points: the research data must be adequate and relevant to the study, given that they are the raw materials for the findings, inferences and conclusions of the study; however, the adequacy and relevance

\(^{20}\) ‘Trustworthiness’ in qualitative research is made up of four criteria (with equivalence in quantitative research): (i) credibility (validity); (ii) transferability (validity); (iii) dependability (reliability) and (iv) confirmability (objectivity) (Guba and Lincoln, 1994).
of the data hinge on an appropriate data collection method that is complemented by a well conducted data collection process.

Where the factor of ‘dependability’ is concerned, this study also heeded Guba and Lincoln’s (1994) advice to keep complete records of all phases of the research process. As suggested by Guba and Lincoln, at the later stage of the research process, these records can serve as a means for checking as to implementation of proper research procedures and the degree to which theoretical inferences could be justified. This, according to the authors, is helpful for establishing the research merit of ‘dependability’.

Step 4: Analysis of Data

For analysis of data, the Researcher was mindful of the ‘confirmability’21 (Guba and Lincoln, 1994; Lincoln and Guba, 1985) aspect of ‘trustworthiness’ in qualitative research. This facet of the study required the Researcher to be as objective as possible – minimizing the influences of personal values and theoretical inclinations – in the process of analyzing data and deriving research findings. The position taken by the Researcher was that, while it is impossible to have complete objectivity in business research (Bryman and Bell, 2007) and in qualitative research generally, the Researcher should act in good faith.

Besides the question of ‘confirmability’, the Researcher was careful not to be submerged by richness of the qualitative data when analysing data. The Researcher was cognizant that richness of qualitative data poses a real challenge to finding an analytical

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21 ‘Confirmability’ is one of the criteria of ‘trustworthiness’ in qualitative research. This criterion was proposed by Lincoln and Guba (1985) and Guba and Lincoln (1994) as an equivalence of ‘objectivity’ in quantitative research.
path. Labelled as an ‘attractive nuisance’ by Miles (1979), richness of qualitative data may deter the researcher from carrying out a true analysis that gives the data a wider significance for the research topic.

**Step 5: Drawing Up of Findings and Conceptual Framework**

In the process of deriving findings and conceptual framework through data analysis, the Researcher subscribed to a view of Lincoln and Guba (1985) concerning concepts, theories and social reality in qualitative research. According to the authors, concepts and theories derived from a qualitative study are representations and not definitive versions of the social reality; therefore it is possible to have other equally credible representations of the phenomena concerned. It was based on this view that an IHRM model was developed in this study: the model was developed under the understanding that it is always open to further development.

Another major as regards for this stage of the study pertained to ‘relevance’ of the study. Based on Hemmersley’s (1992) concept of ‘relevance’ in relation to research, the elements of this consideration were identified as follows: (i) significance of the research topic to the field of IHRM; (ii) contribution of the research outcome to the literature in the field; and (iii) practical outcome of the study: whether the research findings address the concerns and phenomena of IHRM in practice.

With regard to the third element of the ‘relevance’ consideration stated above, this study took cognizance of the fact that practitioners and researchers do not always share the same interests in terms of research questions and findings; practitioners are generally more interested in research that helps them to understand and/or address specific
problems in their organizations. Based on this understanding, the step of drawing up findings and conceptual framework in this study was approached with a view to catering to the interests of both the Researcher and practitioners of HRM in MNCs. This view was especially pertinent given that the role of qualitative business research is to ‘[produce] new knowledge about how things work in real-life business contexts, why they work in a specific way, and how we can make sense of them in a way that they might be changed’ (Eriksson and Kovalainen, 2008, p.3).

3.6 Data Collection Method

3.6.1 Qualitative Interview: The Rationale

For collection of data, this study employed qualitative interviews, the most widely used data collection method in qualitative research. A series of face-to-face, semi-structured interviews were conducted. Unlike interview schedules of structured interviews, the interview schedule used in this study (APPENDIX 3-1) was without pre-coded answers and not treated as a strictly standard document. In addition, this semi-structured interview schedule covered a good range of themes and topic areas.

The above-mentioned features of the interview schedule were in line with the exploratory nature of this study. In the first place, the choice of qualitative interview as the data collection method was premised on the exploratory nature of the study. As pointed out by Cooper and Schindler (2008), where an exploratory study or a study with exploratory elements is concerned, the research design would likely include non-standardized/qualitative interview.
Besides the exploratory nature of the study, there were three other reasons behind the choice of qualitative interviews as the method of data collection in this study. First, drawing on some researchers’ (e.g. North, Leigh and Gough, 1983; Saunders et al., 2009) research outcomes, it was believed in this study that managers are generally more likely to agree to be interviewed than to complete a long questionnaire. Second, personal contact with the participants through face-to-face interviews was recognized in this study as a way to procure first-hand contextual information, hence better contextualization of the participants’ answers. Third, the complexity of the research questions required this study to employ a data collection method that involves ‘direct’, ‘real’ and ‘thorough’ processes – whereby the Researcher went direct to the participants; obtained from them first-hand information in their real-life situations; and thoroughly understood the information given by them.

3.6.2 Semi-Structured Interview: The Rationale

The choice of semi-structured interviews in this study was attributed to the flexibility this data collection method provides for both the researcher and participants during the data collection process. As highlighted by Bryman and Bell (2007), the semi-structured interview process is flexible, and the emphasis is on how the participants frame and understand issues and events. ‘[W]ith a [relatively] unstructured approach [in semi-structured interviews], the researcher is less likely to come at participants’ world views with presuppositions and expectations and is more likely to see things as the participants see them’ (Bryman and Bell, 2007, p.479). More elaborately, the semi-structured questions in such interviews, though based on fairly specific themes and topic areas, give the participants leeway in responding. The researcher, meanwhile, enjoys the leeway to vary the order and wording of the questions, as well as the leeway to exclude
certain questions\textsuperscript{22} and include extra questions. On the whole, such flexibility allows the researcher to accommodate the flow of the conversation during the interview; adapt to situational and organizational contexts associated with the interview; seek clarifications on the participants’ responses; probe what participants have revealed; and express views on and/or further explore the research questions.

The flexibility, as described above, was a pivotal element in the exploratory orientation of this study. Within its interpretivist framework, this exploratory study sought data that were sufficiently rich to provide answers to many ‘what-’, ‘how-’ and ‘why-’ questions pertaining to HRM in MNCs. Besides rich data, this study emphasized the participants’ perspectives and viewpoints. These emphases were addressed through the elements of flexibility in semi-structured interviews. All in all, the use of semi-structured interviews as the data collection method ties in with the social constructionist and interpretivist stance of this study.

\section*{3.7 Data Analysis Approach and Strategy}

\subsection*{3.7.1 Fundamental Notions Underlying the Data Analysis}

Two fundamental notions underlined the qualitative data analysis undertaken in this study. First, qualitative data analysis was understood as an integral part of the qualitative data collection method. The basis of this understanding is that in qualitative research, data collection and data analysis are ‘interactive’ (Saunders et al., 2009) and ‘interconnected’ (Eriksson and Kovalainen, 2008); and that analysis of data occurs not only after, but also during the process of collecting data (Kvale, 1996). Further, as

\textsuperscript{22} In every interview session conducted in this study, not a single question in the interview schedule was left out. Change of wording was minimal and without change of meaning.
highlighted by Bryman and Bell (2007, p.300), the merging of data collection and data analysis in qualitative research is ‘an organic whole’ that ‘begins in the data-gathering stage and does not end until the writing is complete’.

Second, qualitative data analysis is a process of ‘reflecting on, interpreting and theorizing data’. While the concept of ‘reflecting on and interpreting data’ is apparent, the concept of ‘theorizing data’ requires deliberation. Theorizing of data is an essential element of qualitative research. Bryman and Bell (2007) and Miles and Huberman (1994) can be pertinently cited in this regard. According to Bryman and Bell, qualitative research findings acquire significance only after the researchers have theorized the data. According to Miles and Huberman, without theorizing of the data, qualitative research findings may merely be ‘banal, unilluminating descriptions’.

As a process of ‘reflecting on, interpreting and theorizing data’, qualitative data analysis is invariably a complex process. During this process, there is a risk that researchers fail to do justice to the data, or ‘contaminate their subjects’ words and behaviour’, as Bryman and Bell (2007) put it. This risk is necessarily balanced against the fact that the research findings acquire significance only after the researchers have theorized the data (Bryman and Bell, 2007). The presence of such risk and the need for theorizing the data in qualitative data analysis are also apparent from the following words of Miles and Huberman (1994, p.15):

*The risk [confronting researchers in qualitative data analysis process] is forcing the logic, the order, and the plausibility that constitute theory making on the uneven, sometimes random, nature of social life. Yet without theory we can be left with the banal, unilluminating descriptions.*
On the basis of the above notions and understanding, data analysis was recognized in this qualitative study not as an isolated stage/process in the research journey, but as an organic process that spans the journey. In other words, data analysis was recognized not merely as a process to derive findings, but as a process to derive theory and conclusions.

3.7.2 Approach to Data Analysis

In subscribing to the notion of ‘data analysis as a process of reflecting on, interpreting and theorizing data’, this study essentially employed an inductive approach to analysing data. Unlike the deductive approach, the inductive approach to data analysis is not organized through a theoretically based framework: it does not involve any pre-formulated theoretical/descriptive framework that encompasses some predicted or presumed relationships between variables, components, themes and issues (cf. Yin, 2003). This approach to data analysis is simply not influenced by any prior expectations (cf. Saunders et al., 2009). In employing the inductive approach to data analysis in this study, the Researcher essentially agreed with the following argument:

*The prior specification of a theory [presents] the possibilities of introducing a premature closure on the issues to be investigated, as well as the possibility of the theoretical constructs departing excessively from the views of participants in a social setting.*

(Bryman, 1988, p.81)

No computer-assisted qualitative data analysis software (CAQDAS) was used to analyse data in this study. The data were analysed using fully ‘manual-and-cognitive’ manner. As there is at present ‘no standard procedure’ (Saunders et al., 2009), ‘no one right way’ (Goodrick, 2007) and ‘few well-established and widely accepted rules’ (Bryman and
Bell, 2007) for analysing qualitative data, this manner of data analysis was deemed reasonable in this study.

Notwithstanding the general characteristics of qualitative data analysis outlined above, data analysis in this study was neither without a specific analytic process nor without a specific analytic strategy. This is evidenced by the specificity in the analytic process, as delineated in Section 3.7.3 below. In being specific in its analytic process and strategy, this study had echoed the following assertions of Goodrick (2007, p.37) concerning qualitative data analysis:

Contrary to the views of some [empiricist] researchers who doubt the value of qualitative data analysis, [qualitative data analysis] is not a case of “anything goes”; ‘[t]he phrase “themes emerged from the data” is not a sufficient explanation of the analysis processes.

Instead of doubting the value of qualitative data analysis, this study applied this qualitative approach fully cognizant of its attributes, limitations, applicability as well as aptness for the purpose and objective of the study.

### 3.7.3 Components, Processes and Strategy of the Data Analysis

**Integrated Components of the Data Analysis**

As highlighted in Section 3.7.1, in qualitative research, data analysis is an integral part of data collection within an organic whole, and it ends only with the completion of the writing (Bryman and Bell, 2007). This proved to be true in this study. In addition, this study witnessed qualitative data analysis as a highly creative cognitive activity consisting of several integrated components.
Qualitative data analysis in this study consisted of the following integrated components:

(i) Interpretation of Meanings

(ii) Comparing, Contrasting & Linking of Information

(iii) Identification of Key Points, Themes & Relationship Patterns from Information

(iv) Exploration of Outcomes of (iii) in Relation to Research Questions & Objective

(v) Development of Theoretical Notions & Conceptual Propositions

(vi) Evaluation & Further Exploration of Outcomes of (v) in Relation to Research Questions & Objective

(vii) Drawing up of Assumptions & Conclusions that Constitute Findings of Study

(viii) Verification of Findings in Relation to Research Questions & Objective

FIGURE 3.2
Integrated Components of the Data Analysis

Strategy and Processes of the Data Analysis

As its analytic strategy, this study adopted the ‘data display and analysis framework’, an inductively based analytic framework advanced by Miles and Huberman’s (1994). Within this framework, the core analytic processes are ‘summarizing (condensation)’ and ‘categorizing (grouping)’ of meanings. These analytic processes take place concurrently in the form of data reduction and data display. Constituting an integral

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23 This is the Researcher’s own assessment of what transpired during the data analysis process.
part of these processes is the drawing up as well as verification of assumptions and conclusions. In essence, under Miles and Huberman’s ‘data display and analysis’ strategy, data analysis is an integral mechanism, consisting of and driven by the interactions between ‘data reduction’, ‘data display’ and ‘drawing up/verification of conclusions’.

Based on the ‘data display and analysis’ strategy outlined above, data analysis of this study occurred as illustrated below:

<table>
<thead>
<tr>
<th>FIGURE 3.3</th>
<th>Data Analysis Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meanings expressed by participants were summarized in</td>
<td></td>
</tr>
<tr>
<td>matrix format</td>
<td></td>
</tr>
<tr>
<td>The summary matrices were categorized according to the</td>
<td></td>
</tr>
<tr>
<td>subject matters of different sections of the interview</td>
<td></td>
</tr>
<tr>
<td>schedule</td>
<td></td>
</tr>
<tr>
<td>(APPENDIX 3-2)</td>
<td></td>
</tr>
<tr>
<td>Meanings in matrices were further aggregated and</td>
<td></td>
</tr>
<tr>
<td>categorized</td>
<td></td>
</tr>
<tr>
<td>The identification and naming of the categories were</td>
<td></td>
</tr>
<tr>
<td>guided by the research questions and objective</td>
<td></td>
</tr>
<tr>
<td>(APPENDIX 3-3)</td>
<td></td>
</tr>
<tr>
<td>Categorized meanings, represented by labels, were displayed</td>
<td></td>
</tr>
<tr>
<td>on the sides of the matrices</td>
<td></td>
</tr>
<tr>
<td>(APPENDIX 3-3)</td>
<td></td>
</tr>
<tr>
<td>Data display in ‘network’ format (in addition to data</td>
<td></td>
</tr>
<tr>
<td>display in matrix format) was drawn up</td>
<td></td>
</tr>
<tr>
<td>The networks present the research outcomes/conclusions</td>
<td></td>
</tr>
<tr>
<td>in the forms of theoretical notions and conceptual</td>
<td></td>
</tr>
<tr>
<td>propositions</td>
<td></td>
</tr>
<tr>
<td>(APPENDIX 3-4)</td>
<td></td>
</tr>
</tbody>
</table>
By condensing the huge amount of text in the interview transcripts (extended text)\textsuperscript{24} into fewer words in the matrices, the following aspects of the data were uncovered: (i) key points (issues, viewpoints, insights and other relevant information) conveyed by the participants; (ii) principal themes that emerged from the interview data and apparent relationships between these themes. Categorization of the data in matrices, meanwhile, uncovered relationship patterns as well as conceptual structures pertaining to the research questions and objectives. On the whole, in the ‘matrix data display’ part of the framework, the processes of ‘condensation/summarizing’ and ‘categorization/grouping’ of data clarified the key information in the data. This is done by reducing and rearranging the data into a more manageable form, as well as interpreting meanings and making inferences from the data.

In the ‘networks data display’ part of the framework, the processes of ‘interpreting meanings’ and ‘making inferences’ continued. Here these two processes were integral parts of the processes of ‘deriving theoretical understanding’ and ‘drawing up conclusions’. All these mutually inclusive cognitive processes can be illustrated, to a certain extent, as follows:

\textsuperscript{24} ‘Extended text’ refers to the transcribed and word-processed interview contents. It is the unreduced, extensive and poorly-ordered form of interview data. As such it is difficult to analyze (Saunders, Lewis and Thornhill, 2009).
**In between the cognitive processes of ‘interpreting meanings’, ‘making inferences’, ‘deriving theoretical understanding’ and ‘drawing up conclusions’**

_(In Networks Data Display part of Data Analysis)_

<table>
<thead>
<tr>
<th>(1)</th>
<th>Throughout this phase of the data analysis process, cognitive evaluation of information (as described in item (1)) repeated several times.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evaluation was made of themes, relationships between themes, relationship patterns between issues as well as conceptual structures that ‘emerged’ from the interview data.</td>
<td>The same for cognitive verification, clarification &amp; refinement of the research outcomes/conclusions (as described in Item (3)).</td>
</tr>
<tr>
<td>Evaluation was made in relation to the following factors:</td>
<td></td>
</tr>
<tr>
<td>• backgrounds, experiences and designations of individual executive-participants</td>
<td></td>
</tr>
<tr>
<td>• individual MNC-participants’ internal and external environments</td>
<td></td>
</tr>
<tr>
<td>• settings where the interviews took place</td>
<td></td>
</tr>
<tr>
<td>• special elements or happenings during the interviews that might have affected the nature of the data.</td>
<td></td>
</tr>
<tr>
<td>Analytic aids such as interim summaries, self-memos and researcher’s diary were used for this evaluation process.</td>
<td></td>
</tr>
<tr>
<td>(2)</td>
<td>The research outcomes/conclusions in the forms of theoretical notions and conceptual propositions were presented in ‘networks’ form of data display.</td>
</tr>
<tr>
<td>(3)</td>
<td>The ‘networks’ data display in turn verified, clarified and refined the outcomes/conclusions derived in item (2). This completed the overall data analysis process.</td>
</tr>
</tbody>
</table>

**FIGURE 3.4**

Cognitive Processes in Parts of the Data Analysis
3.8 Concluding Remarks

The data analysis process in this qualitative study was rigorous and creative, congruent with what Goodrick (2007) suggests to be generally the case with analysis of qualitative data. The process was rigorous as it involved ‘active interaction’ between the Researcher and the data, a condition which, according to Saunders et al. (2009), is necessary in qualitative data analysis. The data analysis process was also creative, necessarily so given that presently there are neither broadly identifiable nor widely taught qualitative data analytic skills (Bryman and Bell, 2007; Goodrick, 2007; Saunders et al., 2009; Van Maanen, 1998) to rely on.

Alongside other aspects of the methodology of the study, this chapter has fully accounted for the approach, strategy and process of the qualitative data analysis in the study. Underlying this account is the awareness that ‘more recent texts have addressed [data] analysis problem far more seriously’ (Miles and Huberman, 1994. p.2), and that interest in qualitative research is generally keen and growing (Goulding, 2002; O’Leary, 2010; Van Maanen, 1998). There is also an understanding on the part of the Researcher that, although Miles and Huberman’s (1994) ‘data display and analysis framework’ was once criticised as ‘a data analysis method without techniques’ by some researchers (related by Miles and Huberman, 1994), it is factually a recognized qualitative data analysis strategy (in recent texts on research methods).

In this study, the Researcher had taken a ‘middle ground’ between critics of qualitative approach to data analysis and another group who insist that data analysis is an art that must be addressed using intuitive approaches (related by Miles and Huberman, 1994). In addition, amidst the reality where it is difficult to formulate a set of specific
qualitative research features that would be shared by all qualitative researchers (Eriksson and Kovalainen, 2008), the Researcher had played an active role in defining qualitative research through the qualitative approach employed in this study. Eriksson and Kovalainen (2008, p.298) would lend support to this claim: they assert that ‘each qualitative researcher is an active participant in the process of defining the answer to the question “what is qualitative research?”’

Based on the outcome of this qualitative study coupled with the deliberations in this chapter, it is plausible that qualitative methodologies are a powerful means to researching into management and business, as asserted by Gumnessson (2000). The Researcher thus agrees with Gephart and Richardson (2008), Ferner (1997) and Welch (1994) that qualitative research methodologies can contribute to the development of IHRM theory. In general terms, the use of qualitative methodology in this study is in tandem with the growing interest in qualitative methodologies in management and business research in recent years (Goulding, 2002).
CHAPTER 4
DATA COLLECTION

4.1 Introduction

While this study recognized the data collection method as part of the research methodology, it considered data collection a sufficiently major part of the research process to warrant detailed explanations in a chapter of its own. Data collection of the study is viewed in this chapter in terms of its design and overall process. Specifically, it is viewed in terms of four aspects, namely (i) procedures; (ii) documentation; (iii) ethical considerations; and (iv) sources of data (sources of data collection).

The four aspects of data collection are consolidated and reported through an eight-step data collection procedure framework (FIGURE 4.1). Presenting this framework, Section 4.2 (‘Procedures of Data Collection’) explains the eight data collection steps, elucidating the data collection design and process of the study. The subsequent Section 4.3 (‘Sources of Data/Results of Data Collection’) presents the outcome of data collection.

Overall, this chapter explains how the data collection steps were planned and implemented in relation to the purpose and objective of the study. In addition, the chapter illuminates how certain steps in the data collection shape the direction and outcome of the study. Another highlight of the chapter is the ways the data collection design and process complied with seven research ethics principles.
4.2 Procedures of Data Collection

As reported in Chapter 3, face-to-face interviews were used as the data collection method in the study. This method saw the data collection process involve a fieldwork phase, preceded and followed by a pre-fieldwork phase and a post-fieldwork phase respectively. In between these three phases, eight data collection steps were implemented. The procedures of data collection encompassing these eight steps are laid out in the framework in FIGURE 4.1.

<table>
<thead>
<tr>
<th>PRE-FIELDWORK PHASE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1: Identification of Data Collection Sources and Attributes of Prospective Participants</td>
<td></td>
</tr>
<tr>
<td>Step 2: Selection of Data Collection Location</td>
<td></td>
</tr>
<tr>
<td>Step 3: Information Search &amp; Sourcing of Prospective Participants</td>
<td></td>
</tr>
<tr>
<td>Step 4: Ethical Considerations &amp; Preparation of Fieldwork Documents</td>
<td></td>
</tr>
<tr>
<td>Step 5: Communication with Prospective Participants</td>
<td></td>
</tr>
<tr>
<td>Step 6: Finalizing of List of Participants</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>FIELDWORK</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 7: Face-to-Face Interviews</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>POST-FIELDWORK PHASE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 8: Communication with Participants</td>
<td></td>
</tr>
</tbody>
</table>

![FIGURE 4.1](image)

### FIGURE 4.1
Data Collection Steps

**Step 1:**
**Identification of Data Collection Sources and Attributes of Prospective Participants**

Sources of data collection consisted of the relevant sites and subjects from which to collect data. In the context of this study, the ‘sites’ of data collection were the

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25 Throughout this chapter, ‘participants’ refers to the participating MNCs and/or participating top managers from these MNCs. Separately, the former is referred to as ‘MNC-Participants’ (MNC-P) and the latter ‘Exec-Participants’ (Exec-P) in other parts of the thesis.
participating MNC subsidiaries26 (‘participating MNCs’). The ‘subjects’ were the participating MNCs’ top managers who participated in the study. In this thesis, the former and latter are referred to as ‘MNC-participants’ (MNC-P) and ‘executive-participants’ (Exec-P) respectively.

After the identification of MNC-P and Exec-P as sources of data collection, the next task was to identify the required attributes of prospective MNC-P and Exec-P. This part of the data collection process was closely guided by the purpose and objective of the study. As clarified in Section 2.7 of Chapter 2, the purpose of the study was to contribute to IHRM theory building through conceptualizing IHRM; and the objective of the study was to conceptualize IHRM through the formulation of a generic, holistic, comprehensive and practice-relevant IHRM conceptual model. Such intent required that IHRM be researched in this study from a broad, macro perspective, and the research data procured from a broad cross-section of the identified sources of data.

For the above-mentioned requirements and within the constraints27 of the study, the pool of prospective MNC-P should ideally be composed of ‘a cross-section of MNCs that can represent MNCs worldwide’ (CS-MNCs), while the pool of prospective Exec-P ‘a cross-section of MNC top managers who can convey the reality of HRM in MNCs’ (CS-Executives). TABLE 4.1-A and TABLE 4.1-B below define ‘CS-MNCs’ and ‘CS-Executives’ respectively according to the requirements of the study.

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26 In precise terms, each MNC-participant is a subsidiary of the MNC concerned. Each participating MNC subsidiary is coded as ‘MNC-S-(number)’, where the ‘S’ denotes ‘subsidiary’. The acronyms ‘MNC’ and ‘MNC-S’ are used interchangeably to refer to a participating MNC subsidiary in this thesis.

27 As a PhD candidature project, the constraints facing this study were mainly in terms of finance, time frame, access to the participants and labor.
TABLE 4.1-A
Sampling Criteria (1)

A Cross-Section of MNCs that Can Represent MNCs Worldwide (CS-MNCs)

Comprises:
- MNCs from continents where most MNCs are headquartered
- MNCs from various countries across different continents
- MNCs from various industries
- MNCs with individual worldwide networks of subsidiaries/alliances

TABLE 4.1-B
Sampling Criteria (2)

A Cross-Section of MNC Top Managers28 Who Can Convey the Reality of HRM in MNCs (CS-Executives)

Comprises:
- A mix of top managers (top HR managers & other top managers)
- A mix of local and expatriate top HR managers
- A mix of local and expatriate ‘other top managers’
- A mix of expatriate top managers of different national origins
- A mix of expatriate top managers with different professional experiences and international experiences

Step 2:
Selection of Data Collection Location

Availability of CS-MNCs and CS-Executives was the major criterion for the selection of the location of data collection. Another important criterion was convenience against time and cost constraints facing the study. Based on these criteria, two places, namely Kuala Lumpur (the business capital of Malaysia) and Selangor (the most industrialized

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28 Throughout this chapter and the rest of the thesis, ‘top managers’ refers to ‘top HR managers’ and/or ‘other top managers’.
state in Malaysia, within which the federal territory of Kuala Lumpur is located) were selected as the locations of data collection in the study. At these two locations, not only is there a pool of MNCs of various industries and national origins, there is also a relatively large number of expatriates attending various organizational levels in these MNCs. In precise terms, these two places were selected as the locations of data collection because they provide good sources of the desired ‘CS-MNCs’ and ‘CS-Executives’ samples. This in turn dispensed with the need for the Researcher to procure the ‘CS-MNCs’ and ‘CS-Executives’ samples from several different places, saving time and costs in the data collection fieldwork.

Step 3: Information Search and Sourcing of Prospective Participants

This step involved two concurrent tasks: (i) sourcing of prospective participants; and (ii) procurement of relevant information about the prospective participants. TABLE 4.2-A and TABLE 4.2-B explain the composition of the information concerned.

<table>
<thead>
<tr>
<th>Information Collected on Each Prospective MNC-Participant (MNC-P)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What it is</strong></td>
</tr>
<tr>
<td><strong>What it does</strong></td>
</tr>
<tr>
<td><strong>Where it is</strong></td>
</tr>
<tr>
<td><strong>Contact details</strong></td>
</tr>
</tbody>
</table>

29 By implication, the host country of the participating MNC subsidiaries is Malaysia.
TABLE 4.2-B
Information Sought for Sampling Purposes (2)

<table>
<thead>
<tr>
<th>Information Collected on Each Prospective Executive-Participant (Executive-P)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who s/he is</td>
</tr>
<tr>
<td>What s/he does</td>
</tr>
<tr>
<td>Contact details</td>
</tr>
</tbody>
</table>

Information about prospective Exec-P was sought and obtained from the websites of prospective MNC-P. Information on prospective MNC-P was sought and obtained from sources such as the internet, trade directories, business magazines, newspapers and foreign embassy websites.

Two working tables (APPENDIX 4-1) were used to facilitate the endeavour to meet the ‘CS-MNCs’ criterion and ‘CS-Executives’ criterion when sourcing prospective MNC-P and Exec-P respectively. Besides seeking to meet the specified criteria, the working table for sourcing prospective Exec-P was intended for procuring a sample with (i) a balance in numbers between top HR managers and other top managers; and (ii) a balance in numbers between local Exec-P and expatriate Exec-P.

Given the exploratory nature of the study generally and the ‘CS-MNCs’ and ‘CS-Executives’ criteria specifically, it was decided that the target samples of MNC-P and Exec-P (consisting of both locals and expatriates) should not be too small in size. With due consideration of the time and cost constraints of the study, the statistical plan for the samples was set out as follows (TABLE 4.3):
Guided by TABLE 4.1 (A & B), TABLE 4.2 (A & B) and TABLE 4.3, the sourcing of prospective participants resulted in a list of 20 prospective MNC-P and 60 prospective Exec-P. The larger numbers (20 & 60) in the list compared to the target numbers (12 & 24) was provision for non-participation of some prospective participants in the list. The composition of prospective Exec-P in each prospective MNC-P is in accordance with the target set out in TABLE 4.3: participation of at least one top HR manager and at least one other top manager; at least one of these participating top managers is an expatriate.

**Step 4:**

**Ethical Considerations and Preparation of Fieldwork Documents**

Data collection and, for that matter, the overall research process of this study complied with seven ethical principles (TABLE 4.4).
In complying with Principles (I), (II), (III) and (IV), this study effectively took into account the four major ethical concerns in business research (cf. Diener and Crandall, 1978). Compliance with Principles (V) and (VI), meanwhile, saw the study attending to two ethical concerns that have become important in the recent trends of social science research (cf. Bryman and Bell, 2007). Compliance with all the seven ethical principles qualified this study for the approval from Murdoch University’s Human Research Ethics Committee. The committee governed the ethical aspect of this study based on the *National Statement on Ethical Conduct in Research Involving Humans*, 1999 issued by the National Health and Medical Research Council (NHMRC), Australia.

The seven ethical principles were used in the study as terms of reference in the approach to data collection and in the preparation of the major fieldwork-related documents. The major fieldwork-related documents used in the study were as follows: (i) interview schedule (APPENDIX 3-1); (ii) letter of information; (iii) participant

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30 These new trends originated from research ethics frameworks developed by research funding bodies such as Economic and Social Research Council (ESRC) and European Union (Bryman and Bell, 2007).
consent form; (iv) interview record form; and (v) post-interview ‘thank you’ email. TABLE 4.5 below summarizes how these documents and the study as a whole complied with the seven ethical principles (TABLE 4.4).

**TABLE 4.5**

**Measures Taken to Address Research Ethics**

<table>
<thead>
<tr>
<th>ETHICAL PRINCIPLES</th>
<th>HOW ETHICAL PRINCIPLES WERE ADHERED TO</th>
</tr>
</thead>
<tbody>
<tr>
<td>III</td>
<td><strong>During Interview</strong></td>
</tr>
<tr>
<td></td>
<td>No questions of personal nature or questions that constitute or may be construed as invasion of privacy were asked. The interview schedule was also very carefully prepared to exclude such questions.</td>
</tr>
<tr>
<td></td>
<td>Nothing harmful to the feelings of the participants was said or asked during the interview.</td>
</tr>
<tr>
<td>I</td>
<td><strong>Before Interview</strong></td>
</tr>
<tr>
<td></td>
<td>Participants were provided with full and truthful information about the study through the information letter. They were also provided with ways and opportunities to seek clarifications on the study.</td>
</tr>
<tr>
<td></td>
<td><strong>These measures ensured that participants’ consent to participate in the interviews was informed consent.</strong></td>
</tr>
<tr>
<td></td>
<td><strong>These measures showed openness, truthfulness and transparency (no deception) on the part of the Researcher.</strong></td>
</tr>
<tr>
<td></td>
<td><strong>These measures emphasized and created mutual trust between the Researcher and the participants.</strong></td>
</tr>
<tr>
<td>II, IV &amp; VII</td>
<td><strong>After Interview</strong></td>
</tr>
<tr>
<td></td>
<td>Through the ‘thank you’ emails, participants were assured of confidentiality of their identities, their organizations’ identities, as well as any confidential information about them gathered during</td>
</tr>
</tbody>
</table>
VI

the interviews.

Measures taken in this regard ensured that:
**confidential information was protected.
**the study would not cause any trouble/harm to the participants or/and their organizations due to disclosure of certain information.

In the same ‘thank you’ emails, participants were also promised a summary report of the outcome of the study as requested by them.

Provision of summary report ensured that:
**participants could benefit from their participation in the study as they wished—hence mutual benefits between the Researcher and the participants.
(This complied with the requirement of ‘National Statement on Ethical Conduct in Research Involving Humans’ to provide feedbacks to Participants)

One noteworthy ethical consideration in the study is that concerning potential benefits that Exec-P and MNC-P would receive for participating in the study. The potential benefits for Exec-P were identified to be opportunities to evaluate the following: (i) individual approach to management; (ii) individual leadership style; (iii) contribution as a manager and leader to the MNC concerned; (iv) contribution to HRM in the MNC concerned in the global context of the MNC; (v) the place and leadership role of a senior manager in a global firm amid globalization. The potential benefits for MNC-P can be summed up as ‘an opportunity to evaluate the firm’s current approaches to and competence in managing people across cultures and national borders’.
Step 5:
Communication with Prospective Participants &

Step 6:
Finalizing of the List of Participants

These two steps constituted the intermediate stage between the ‘planning and formulation’ stage and the ‘action’ stage of the data collection process. The first contact between the Researcher and the prospective Exec-P was an invitation to participate in the interview. The invitation was extended by means of a standard letter which also served as an information letter.

The letter explained the study; outlined the topic areas to be covered in the interview; introduced the research ethics committee that oversaw the ethical aspect of the study; informed prospective Exec-P of their liberty to withdraw from their agreement to participate in the interview; offered to provide further clarifications about the study if required; and conveyed the Researcher’s readiness to provide a summarized report of the outcome of the study. Equally important, the letter assured prospective Exec-P of protection of their identities, their organizations’ identities and their organizations’ confidential information. Complemented by a participation consent form, the information letter was sent to each prospective Exec-P six weeks before the scheduled interviewing period.

The second contact between the Researcher and prospective Exec-P took place when positive responses were received from the latter or when the latter were contacted for responses as to participation in the study. Some prospective Exec-P gave outright positive responses personally or through their secretaries/personal assistants soon after
the information letters were sent to them. With other prospective Exec-P, rounds of contact with their secretaries/personal assistants were made by the Researcher to elicit their responses.

Considerable effort was made by the Researcher to meet the number and composition of participants set out in the statistical plan for sampling (TABLE 4.3). During the continuous sourcing of participants, the lists of prospective MNC-P and Exec-P (APPENDIX 4-1) were promptly updated and closely monitored for meeting the sampling target. In the meantime, work-related background information about the willing Exec-P (such as designation, managerial responsibilities, expertise, work history, professional experience and international experience) was compiled.

**Step 7: Face-to-Face Interviews &**

**Step 8: Communication with Participants**

Face-to-face interviews with different Exec-P were conducted on different dates, according to the Exec-P’s convenience, over a period of six weeks. The Exec-P were each sent a copy of the interview schedule immediately after they had conveyed their willingness to participate in the interviews and had granted appointments. The Exec-P’s secretaries/personal assistants were contacted two or three days prior to the scheduled interviews for confirmation of appointments and receipt of the interview schedule.

Based on the interview schedule, each face-to-face interview lasted around one hour. Immediately before the interview, the purpose and ethical considerations of the study were clarified to the Exec-P. Any queries raised by the Exec-P were answered fully. The
interview started only after the Exec-P was clear about the study, and had filled in and signed the participant consent form. The interview contents were either audio-recorded or noted in handwriting depending on whether the Exec-P consented to audio recording.

During audio recording of each interview, written notes were taken of important and interesting points mentioned by the Exec-P. This was to ensure that relevant information for the subsequent data analysis would not be left out. Special effort was also made to note as many details as possible before, during and after the interview. Notes were taken of the following: setting where the interview took place; organizational environment and atmosphere of the MNC-P; overall impression and special observations the Researcher had of the MNC-P and Exec-P; notable facial expressions and body language of the Exec-P during the interview; and notable comments of the Exec-P before, during and after the interview. Such information was helpful for the interpretation of data during the data analysis process.

Immediately after the interview, the interview record form was filled in to keep a proper record of the interview. The audio recording and handwritten interview notes were reviewed at least once on the same day of the interview. Other field notes and printed materials gathered during the interview visit to the MNC-P were read on the same day as well. By referring to all these items soon after the interview, the Researcher was able to make preliminary connection between some contents of the interview and make further notes for use in data analysis at a later date. Thereafter, transcription was undertaken on a date as close as possible to the interview date.

Within a few days after each interview, separate formal ‘thank you’ emails were sent to
the Exec-P and the Exec-P’s secretary/personal assistant. The former was thanked for participating in the interview and the latter for making arrangements for the interview. Any Exec-P who had earlier indicated a wish to know the outcome of this study was assured of receiving a summary report after the conclusion of the study.

4.3 Results of Data Collection

4.3.1 Sources of Data

At the end of the data collection process, the breakdowns and profiles of the sources of data were drawn up. These data collection results are displayed in TABLE 4.6, TABLE 4.7 and TABLE 4.8 below.

**TABLE 4.6**
Breakdowns of Participants

<table>
<thead>
<tr>
<th>MNC-Participants</th>
<th>Exec-Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>17</td>
<td>21</td>
</tr>
<tr>
<td>from</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>12</td>
</tr>
<tr>
<td>America</td>
<td>1</td>
</tr>
<tr>
<td>Australasia</td>
<td>3</td>
</tr>
<tr>
<td>Asia</td>
<td>1</td>
</tr>
<tr>
<td>(Four (4) of the 17 MNC-Participants were each represented by 2 exec-participants)</td>
<td></td>
</tr>
<tr>
<td>Source Countries:</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>Denmark</td>
</tr>
<tr>
<td></td>
<td>France</td>
</tr>
<tr>
<td></td>
<td>Germany</td>
</tr>
<tr>
<td></td>
<td>Italy</td>
</tr>
<tr>
<td></td>
<td>Netherlands</td>
</tr>
<tr>
<td></td>
<td>Switzerland</td>
</tr>
<tr>
<td></td>
<td>United Kingdom</td>
</tr>
<tr>
<td>America</td>
<td>United States of America</td>
</tr>
<tr>
<td>Australasia</td>
<td>Australia</td>
</tr>
<tr>
<td>Asia</td>
<td>New Zealand</td>
</tr>
<tr>
<td></td>
<td>India</td>
</tr>
<tr>
<td>Top HR Managers</td>
<td>10</td>
</tr>
<tr>
<td>Other Top Managers</td>
<td>11</td>
</tr>
<tr>
<td>Expatriates</td>
<td>12</td>
</tr>
<tr>
<td>Locals</td>
<td>9</td>
</tr>
<tr>
<td>Audio-recorded Interviews:</td>
<td>17 out of 21</td>
</tr>
</tbody>
</table>
TABLE 4.7
Profiles of participating MNCs

<table>
<thead>
<tr>
<th>MNC-Participant</th>
<th>Continent of Origin</th>
<th>Business</th>
<th>Global Presence of MNC as a Whole</th>
</tr>
</thead>
<tbody>
<tr>
<td>MNC-S-1</td>
<td>Europe</td>
<td>Consumer Products &amp; Home Appliances</td>
<td>≈ 118,000 employees in &gt; 60 countries</td>
</tr>
<tr>
<td>MNC-S-2</td>
<td>Australasia</td>
<td>Dairy Products</td>
<td>≈ 15,600 employees in 22 countries; global supply chain in &gt; 140 countries</td>
</tr>
<tr>
<td>MNC-S-3</td>
<td>Europe</td>
<td>Foods &amp; Beverages</td>
<td>≈ 265,000 employees in almost every country</td>
</tr>
<tr>
<td>MNC-S-4</td>
<td>America</td>
<td>Biomedical &amp; Pharmaceutical Products</td>
<td>≈ 90,000 employees in &gt;150 countries</td>
</tr>
<tr>
<td>MNC-S-5</td>
<td>Europe</td>
<td>Household, Health &amp; Personal Care Products</td>
<td>≈ 22,000 employees in 60 countries</td>
</tr>
<tr>
<td>MNC-S-6</td>
<td>Europe</td>
<td>Energy Infrastructure Projects</td>
<td>&gt;1,500 employees &amp; many more contractual engineers in 14 locations across 5 continents</td>
</tr>
<tr>
<td>MNC-S-7</td>
<td>Europe</td>
<td>Beverages</td>
<td>≈ 30,000 employees in 56 countries</td>
</tr>
<tr>
<td>MNC-S-8</td>
<td>Europe</td>
<td>Retail</td>
<td>&gt;495,000 employees in 34 countries</td>
</tr>
<tr>
<td>MNC-S-9</td>
<td>Europe</td>
<td>Foods, Health Care &amp; Personal Care Products</td>
<td>≈163,000 employees in 99 countries Top tier managers from 20 nationalities</td>
</tr>
<tr>
<td>MNC-S-10</td>
<td>Europe</td>
<td>Shared Services</td>
<td>≈ 95,000 employees in Countries across 5 continents</td>
</tr>
<tr>
<td>*MNC-S-11</td>
<td>Europe</td>
<td>Market Intelligence (Various Products)</td>
<td>&gt; 21,500 specialists in 35 countries</td>
</tr>
<tr>
<td>*MNC-S-12</td>
<td>Europe</td>
<td>Market Intelligence (Technology)</td>
<td>&gt; 21,500 specialists in 35 countries</td>
</tr>
<tr>
<td>MNC-S-13</td>
<td>Asia</td>
<td>Construction &amp; Project Development</td>
<td>Operations in &gt; 30 countries</td>
</tr>
<tr>
<td>MNC-S-14</td>
<td>Europe</td>
<td>Information Technology Services</td>
<td>&gt; 100,000 employees in 140 countries and territories</td>
</tr>
<tr>
<td>MNC-S-15</td>
<td>Australasia</td>
<td>Health Care Barrier Protection Products</td>
<td>&gt; 10,000 employees in 29 facilities in 16 countries across 3 continents</td>
</tr>
<tr>
<td>MNC-S-16</td>
<td>Europe</td>
<td>Beverages</td>
<td>≈ 22,000 employees in 180 countries</td>
</tr>
<tr>
<td>MNC-S-17</td>
<td>Australasia</td>
<td>Construction &amp; Project Development</td>
<td>≈ 40,000 employees in 20 countries across 2 continents</td>
</tr>
</tbody>
</table>

*MNC-S-11 & MNC-S-12 are alliances by shareholding and have the same parent company.
### TABLE 4.8
Profiles of Participating Managers

<table>
<thead>
<tr>
<th>Exec-Participant</th>
<th>MNC-Participant</th>
<th>Designation</th>
<th>HR / Other Top Manager</th>
<th>Local / Expatriate</th>
<th>Nationality</th>
<th>Gender</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant-A</td>
<td>MNC-S-1</td>
<td>Chairman &amp; Chief Executive Officer</td>
<td>Other</td>
<td>Expat</td>
<td>Singaporean</td>
<td>M</td>
</tr>
<tr>
<td>Participant-B</td>
<td>MNC-S-2</td>
<td>Human Resource Manager</td>
<td>HR</td>
<td>Local</td>
<td>Malaysian</td>
<td>F</td>
</tr>
<tr>
<td>Participant-C</td>
<td>MNC-S-3</td>
<td>Human Resource Director</td>
<td>HR</td>
<td>Local</td>
<td>Malaysian</td>
<td>M</td>
</tr>
<tr>
<td>Participant-D</td>
<td>MNC-S-4</td>
<td>Human Resource Director</td>
<td>HR</td>
<td>Local</td>
<td>Malaysian</td>
<td>F</td>
</tr>
<tr>
<td>Participant-E1</td>
<td>MNC-S-5</td>
<td>General Manager</td>
<td>Other</td>
<td>Expat</td>
<td>Indian</td>
<td>M</td>
</tr>
<tr>
<td>Participant-E2</td>
<td>MNC-S-5</td>
<td>Human Resource Director</td>
<td>HR</td>
<td>Local</td>
<td>Malaysian</td>
<td>F</td>
</tr>
<tr>
<td>Participant-f</td>
<td>MNC-S-6</td>
<td>Chief Operating Officer</td>
<td>Other</td>
<td>Expat</td>
<td>Scot</td>
<td>M</td>
</tr>
<tr>
<td>Participant-G</td>
<td>MNC-S-7</td>
<td>General Manager (Supply Chain)</td>
<td>Other</td>
<td>Expat</td>
<td>British</td>
<td>M</td>
</tr>
<tr>
<td>Participant-H</td>
<td>MNC-S-8</td>
<td>Human Resource Director</td>
<td>HR</td>
<td>Local</td>
<td>Malaysian</td>
<td>M</td>
</tr>
<tr>
<td>Participant-I</td>
<td>MNC-S-9</td>
<td>Human Resource and Corporate Relations Director</td>
<td>HR</td>
<td>Local</td>
<td>Malaysian</td>
<td>M</td>
</tr>
<tr>
<td>Participant-J1</td>
<td>MNC-S-10</td>
<td>Managing Director</td>
<td>Other</td>
<td>Expat</td>
<td>British &amp; Australian</td>
<td>M</td>
</tr>
<tr>
<td>Participant-J2</td>
<td>MNC-S-10</td>
<td>Director, Human Resource Services</td>
<td>HR</td>
<td>Expat</td>
<td>Indian</td>
<td>M</td>
</tr>
<tr>
<td>Participant-K1</td>
<td>MNC-S-11</td>
<td>Chief Operating Officer</td>
<td>Other</td>
<td>Expat</td>
<td>Danish</td>
<td>M</td>
</tr>
<tr>
<td>Participant-K2</td>
<td>MNC-S-11</td>
<td>Human Resources Director</td>
<td>HR</td>
<td>Local</td>
<td>Malaysian</td>
<td>M</td>
</tr>
<tr>
<td>*Participant-K3</td>
<td>*MNC-S-12</td>
<td>Managing Director</td>
<td>Other</td>
<td>Expat</td>
<td>British</td>
<td>M</td>
</tr>
<tr>
<td>Participant-L</td>
<td>MNC-S-13</td>
<td>Financial Controller &amp; Administration Manager</td>
<td>Other</td>
<td>Expat</td>
<td>Indian</td>
<td>M</td>
</tr>
<tr>
<td>Participant-M</td>
<td>MNC-S-14</td>
<td>Executive Director &amp; Country Manager</td>
<td>Other</td>
<td>Expat</td>
<td>New Zealander</td>
<td>M</td>
</tr>
<tr>
<td>Participant-N</td>
<td>MNC-S-15</td>
<td>Global Manufacturing Head</td>
<td>Other</td>
<td>Expat</td>
<td>German</td>
<td>M</td>
</tr>
<tr>
<td>Participant-O1</td>
<td>MNC-S-16</td>
<td>Executive Director</td>
<td>Other</td>
<td>Expat</td>
<td>British</td>
<td>M</td>
</tr>
<tr>
<td>Participant-O2</td>
<td>MNC-S-16</td>
<td>Head, Human Resources</td>
<td>HR</td>
<td>Local</td>
<td>Malaysian</td>
<td>F</td>
</tr>
<tr>
<td>Participant-P</td>
<td>MNC-S-17</td>
<td>Human Resource and Administration Manager</td>
<td>HR</td>
<td>Local</td>
<td>Malaysian</td>
<td>M</td>
</tr>
</tbody>
</table>

* MNC-11 & MNC-12 are alliances by shareholding and have the same parent company
4.3.2 Remarks on the Participating Managers

(cf. TABLE 4.8)

First Observation: Top HR Managers

Nine (9) out of the ten (10) (90%) participating top HR managers are locals. This is anecdotal evidence that most MNCs prefer to have locals as the immediate managers overseeing human resource matters at their subsidiaries. In connection with the findings of the study pertaining to localization, this observation mirrors the fact that it is imperative for MNC subsidiaries to address the local HR contexts – including the needs of the local staff – and to implement localization, where necessary, through local HR managers. This HRM condition in MNCs is underscored by two facts: (i) the majority of the staff at MNC subsidiaries are normally locals; (ii) HRM is one of the more, if not most, localized managerial functions in MNCs.

Second Observation: Other Top Managers

All the other top managers who participated in the study are expatriates. This indicates that MNCs normally centralize the appointment of their top managers: they appoint international managers from their respective global talent pools to top managerial posts at their subsidiaries. Another indication is that there are always elements of centralization that are perpetuated through standardization in an MNC; and such elements are especially strong and clear at the top organizational levels of the MNC’s subsidiaries.
Third Observation: Gender of Other Top Managers

All the eleven (11) ‘other top managers’ are expatriates and males. Concrete evidence and in-depth study aside, this could be an indication that the following is the case in contemporary IHRM: (i) most international managers in MNCs are males; (ii) most top level managers in MNCs are males.

4.4 Concluding Remarks

Data collection in this study was based on carefully structured procedures and documentation, clearly defined ethical considerations as well as strategically selected data collection sources. This result-oriented approach to data collection was guided by the following understanding about data collection on the part of the Researcher:

i) Data collection is a crucially important component of the research method and overall research approach.

ii) Data collection method, in conjunction with all other components of the data collection process, constitutes one of the crucial means to fulfil/ the research purpose and objective.

iii) In aggregate, data collection method, process and sources constitute one of the main contributory factors to ‘trustworthiness’ (embodying ‘credibility’, ‘transferability’, and ‘dependability’) of the research outcome (cf. Section 3.5).

Several aspects of data collection in the study are noteworthy. First, the data collection phase witnessed a large part of the research ethics considerations in the study. Second, the choice of data collection sources entailed consideration of ‘representativeness’ of
the samples, which in turn means consideration of the ‘breadth’ of the data and ‘balance of perspectives’ in the data. Third, the data collection design entailed a clear emphasis of ‘trustworthiness’ of the research outcome: an emphasis which was underpinned by carefully structured procedures and documentation in the entire data collection process.

Consideration of ‘representativeness of the samples’ in the process of selecting data collection sources was a pivotal measure. The objective of this measure was to achieve ‘trustworthiness’ in the final outcome of the study, as well as to minimize the following limitations of the study: (i) the data were collected in only one country; and (ii) the data were collected using self-selection sampling.

In short, data collection in the study was designed and implemented in keeping with the Researcher’s understanding of data collection as one of the strategic organs of the overall research process. Data collection in the study was given a defined role far beyond that of an essential component of the research process. In conjunction with the overall research approach and strategy, the data collection framework of the study was driven to achieve the most fruitful research outcome possible.
CHAPTER 5
FINDINGS: FUNDAMENTALS OF IHRM

5.1 Introduction

This chapter is the first of two chapters presenting the findings of the study. The findings presented in this chapter pertain to the fundamentals of IHRM. It starts with introduction of the major themes developed from the interview data (Section 5.2). This is followed by four sections, each on one of the themes. These four sections are IHRM as the Extended Version of HRM/HRM as the Foundation of IHRM (Section 5.3); Relationship Management as a Core Component of IHRM (Section 5.4); Diversity Management as a Core Component of IHRM (Section 5.5) and Talent Management as a Core Component of IHRM (Section 5.6).

Section 5.3 examines the connection between HRM and IHRM which the Researcher considers the most fundamental of knowledge about IHRM. Section 5.4, Section 5.5 and Section 5.6 revolve around aspects of ‘human relationships’, ‘diversity’ and ‘talent’ respectively in relation to IHRM. More particularly, these sections dwell on relationship management, diversity management and talent management in the context of IHRM. These sections elucidate as to why these three areas of management are deemed in this thesis as core components of IHRM, unveiling in the process their interconnectedness within IHRM. Based on the fundamentals and overall nature of IHRM unraveled in the chapter, the chapter concludes by suggesting three ways to generally describe IHRM (Section 5.7).
5.2 **Themes Developed from the Interview Data**

During the 21 one-hour interviews conducted in this study, the Researcher received a myriad of responses from the participants for every interview question posed. Through elaborate analysis of these responses using the data analysis approach explained in Chapter 3, the Researcher arrived at several major themes. Listed below are the themes about which the findings are presented in this chapter.

I  IHRM as the Extended Version of HRM/HRM as the Foundation of IHRM

II  Relationship Management as a Major Concern in IHRM

III  Diversity Management as a Major Concern in IHRM

IV  Talent Management as a Major Concern in IHRM

Theme (I) was developed from the following three sub-themes:

- Global and Strategic Outlook of IHRM
- Cross-Cultural Pertinence of IHRM
- HR Network of Shared Connections in IHRM

These three sub-themes pertain to IHRM attributes which the Researcher identified as the contributing factors to the ‘extension’ between HRM and IHRM.

Theme (II) revolves around the significance of human relationships and relationship management in IHRM. Such significance was identified from the following sub-themes derived from the interview data:

- Human Relationships, Diversity and Cultural Differences as Interwoven Concerns in MNCs
- Complex Nexus of Human Relationships as a Complicating Factor in MNCs
Theme (III) revolves around the significance of diversity and diversity management in IHRM. Such significance was identified largely through understanding pertaining to the following sub-themes:

- Concept of ‘Diversity’ in MNCs
- Diversity Policies and Initiatives as Major Managerial Instruments in MNCs
- Diversity as a Source of Strength for MNCs

Theme (IV) revolves around the significance of talent and talent management in IHRM. This theme is underpinned by the following sub-themes:

- Competition for Talent at the Global Place
- Strategic and Instrumental Roles of Talent Management in MNCs

5.3 **IHRM as the Extended Version of HRM / HRM as the Foundation of IHRM**

In the Researcher’s endeavour to compare IHRM against HRM in the study, the 21 participants were asked how they would best describe HRM and IHRM. Through summarizing the participants’ responses into key points and aggregating the key points into key words, the Researcher developed the following two tables:
### TABLE 5.1
Common Key Words Pertaining to HRM and IHRM

<table>
<thead>
<tr>
<th>Common Key Words Derived from Participants’ Descriptions of HRM and IHRM</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Staff Development</td>
</tr>
<tr>
<td>▪ Staff as Capital and Asset</td>
</tr>
<tr>
<td>▪ Staff Empowerment &amp; Engagement</td>
</tr>
<tr>
<td>▪ Best Use of Human Resources</td>
</tr>
<tr>
<td>▪ Performance Management</td>
</tr>
<tr>
<td>▪ Talent Management</td>
</tr>
<tr>
<td>▪ Diversity Management</td>
</tr>
<tr>
<td>▪ Relationship management</td>
</tr>
<tr>
<td>▪ Management of Work Climate/Environment</td>
</tr>
<tr>
<td>▪ Strategic Business Partner &amp; Support</td>
</tr>
<tr>
<td>▪ Provision of Directions &amp; Consultancy</td>
</tr>
</tbody>
</table>

### TABLE 5.2
Additional Key Words Pertaining to IHRM

<table>
<thead>
<tr>
<th>Additional Key Words Pertained from Participants’ Descriptions of IHRM</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Borderless Conditions</td>
</tr>
<tr>
<td>▪ Global Outlook</td>
</tr>
<tr>
<td>▪ Multinational Diversity</td>
</tr>
<tr>
<td>▪ Multinational Shared Resources</td>
</tr>
<tr>
<td>▪ Standardization &amp; Commonality</td>
</tr>
<tr>
<td>▪ Cross-Cultural Awareness and Sensitivity</td>
</tr>
<tr>
<td>▪ Cross-Border Learning and Adaptation</td>
</tr>
<tr>
<td>▪ Open-Mindedness &amp; Flexibility</td>
</tr>
<tr>
<td>▪ Openness, Transparency &amp; Equality</td>
</tr>
</tbody>
</table>

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31 The key words were derived from the participants’ responses to the following two interview questions: (i) ‘How would you best describe HRM?’ (HRM-Question); (ii) ‘In very simple and superficial terms, we define IHRM as managing across national borders. What do you think is the best way to further describe IHRM?’ (IHRM-Question)

32 The key words were derived from the participants’ responses to the following interview question only: ‘In very simple and superficial terms, we define IHRM as managing across national borders. What do you think is the best way to further describe IHRM?’ (IHRM-Question)
In TABLE 5.1, the common key words pertaining to HRM and IHRM indicate similarities between HRM and IHRM, pointing to the fact that HRM and IHRM are not separate entities. In TABLE 5.2, the key words indicate that IHRM entails larger and more complex phenomena compared to HRM. As generally summed up from the interview data, the factors shaping such phenomena are ‘global processes’, ‘heightened strategic concerns’ and ‘more complex cross-cultural circumstances’ facing IHRM.

All the participants highlighted the global, strategic and cross-cultural orientation of IHRM imperatives and processes. In addition, the notions of ‘network’ and ‘sharing’ also emerged from the interview data as major facets of the IHRM processes. All these perceived attributes of IHRM are deliberated under three headings in the subsequent sections of this chapter, substantiated by anecdotal evidence from the interview data. The following are the three headings concerned:

(i) Global and Strategic Outlook of IHRM
(ii) Cross-Cultural Pertinence of IHRM
(iii) HR Network of Shared Connections in IHRM

5.3.1 Global and Strategic Outlook of IHRM

The global and strategic outlook of IHRM is evident from the following comments of Participant-E1 (MNC-S-5), among others:

At the global level, HRM is more about the processes and structures that allow you to [...] best develop talent. At the local level it is more about execution. [...] [In MNCs] the processes [are] common globally and need to be common globally for a company which is global.

- Participant-E1, MNC-S-5
In the above comments, Participant-E1 alluded to IHRM as ‘HRM at the global level’, for global firms. Moreover, in reflecting on HRM processes and structures at the global level and on globally common HR processes within individual global firms, Participant-E1 indirectly highlighted IHRM as a globally oriented entity. In contrasting development of talent in HRM at the global level (IHRM) with the mainly executing function of HRM at the local level, the participant indirectly pointed out the more strategic orientation of IHRM compared to HRM.

The notion of ‘globally common HR processes in individual global firms’, as reflected in Participant-E1’s comments above, is comparable to the notion of ‘customized and globally used HR tools in IHRM’ in the following comments of Participant-E2:

*I think (IHRM) borders on a number of things. [...] There are a number of HR tools that are customized and used globally. [To use them] globally, how we use [them], technically speaking, will differ from one country to another.*

- Participant-E2, MNC-S-5

On aggregate, Participant-E1’s and Participant-E2’s comments indirectly pointed to the need for common HR processes and tools among the globally dispersed subsidiaries of individual MNCs. This means common HR processes and tools (within individual MNCs) constitute one of the major imperatives in IHRM. In addition, the following understanding about IHRM was derived from the above comments of Participant-E1 and Participant-E2: (i) IHRM entails using HR processes, structures and tools that best fulfil the strategic HR purposes of the MNC at the global level; and (ii) IHRM entails customizing HR tools to fulfil both the global-level and local-level HR needs of the MNC as a whole. Besides reflecting the global and strategic outlook of IHRM, these
two points highlight IHRM as a larger and more complex version of HRM – or simply the extended version of HRM.

The strategic outlook of IHRM cannot be over-emphasized. The following is some of the anecdotal evidence supporting this claim:

[IHRM is about] having the right people with the right skills in the right places. [...] When you talk about international HRM you have to take a longer term, more strategic view than you typically would for a lot of [HR] activities in a single country. And again, it comes back to developing, really, the right people and what you need for your business in 5 years’, 10 years’ time.

- Participant-G, MNC-S-7

When you start talking about HRM across international borders, [...] you are starting to get into [...] strategic issues about where, when, how we want people: how we want to develop people, what are the things we need to do to establish the resources we need in the right place to drive the business forward.

- Participant-J1, MNC-S-10

[IHRM] can play a strategic role in international business by having to be part and parcel of the entire business operations, 'sitting at the table instead of just serving at the table'. So it must be able to provide the solution that is applicable and relevant to the business.

- Participant-C, MNC-S-3

[In IHRM] you develop structures that are easy for people to understand, easy for us to transfer people, [...] easy for people to move from one country to another. You are involved in harnessing the most important resource in the company, which is the ‘people resource’. It’s quite easy for the HR professionals to make the [IHRM] function
The strategic concerns and roles of IHRM, as put across by the four participants above, can be encapsulated as follows: global-level matching of people/skills/places; people development for future business needs (Participant-G); cross-border ‘where/when/how’ measures in managing people (Participant-J1); partner and solution provider of international business (Participant-C); system for harnessing people’s strengths across country borders (Participant-I). In other words, IHRM is concerned with strategic deployment of the right people for various strategic purposes at the global level. It centres on harnessing people’s strengths across international borders, to meet the ongoing global challenges as well as future needs confronting the firm. In the process, it partners with the firm’s management to provide solutions for the firm’s international business.

The role of IHRM in strategically deploying people, and harnessing people’s strengths, across international borders, is further evidenced by the following IHRM instruments commonly mentioned by the 21 participants: international assignments; global staff development programs; global succession planning; and the creation and maintenance of a global talent pool, all within individual MNCs. As gathered from the participants’ elaboration on these IHRM instruments, long-term HR planning and strategies are a major concern in MNCs hence IHRM. In sum, the comments and revelations of the 21 participants point to the fact that IHRM is much more strategic in orientation compared to HRM – and that this strategic orientation is intertwined with global orientation. By
inference, it is due to such strategic and global orientation that IHRM stands as the extended version of HRM.

5.3.2 Cross-Cultural Pertinence of IHRM

All participants in this study indicated the cross-cultural pertinence of IHRM, explicitly or implicitly. For example, when talking about international assignments, the participants indicated that this HR instrument is intended not merely to transfer and exchange technical knowledge, but also to enable talent to acquire cross-cultural competency and international experience. The following is what one of the participants had to say:

Somebody in Thailand who had a great idea, [and had] implemented that [idea] in the factory [in Thailand], [...] might end up in Malaysia on a product assignment, at least for six months or a year. Yes, from one country to another. [...] It is usually for the benefit of the receiving factory. We do that also in some cases for the benefits of the employee, as part of an assigned development plan. For example, somebody who might in a few years take up a regional or even global responsibility must have had worked in various countries and various cultures. [...] Somebody who would have regional responsibility in Asia someday should [...] have the experience of having worked in Asia [...] We definitely want them to work at least for a certain period in other factories [in different countries] among other people, with all the language differences and the cultural differences you may find.

- Participant-N, MNC-S-15

Some of the participants talked about ‘expatriation’ instead of ‘international assignment’. However, where cross-border assignments and responsibilities are
concerned, all participants mentioned training people culturally. Here is an example of what was said in this regard:

\[T\]hinking global and acting local is [...] a mindset that needs to be nurtured in people, and people have to be trained to think about how [...] an expatriate behave like a local in [a different country’s] environment [...] So that is something which we train people for expatriation. We say we are going to be transferred from here to Poland, for example. So I undergo [training on] culture in Poland, I am also [given the opportunity] to learn the Polish language beforehand. So we train people, and I think these are some of the things that help.

- Participant-A, MNC-S-1

Participant-A’s comment on the need to inculcate in people the ‘think global, act local’ mindset is notable. Immediately before making the above comments, the participant stressed this: ‘HRM is the most critical aspect of internationalization [of business]. [When] you need to manage business across the globe, you cannot think that you are local; you have to think you are global, but [you have to] act local.’ These comments of Participant-A once again highlight the pivotal role of HRM in MNCs, and in international business generally. Equally significant, the comments suggest that, while at the centre of the global actions of MNCs, IHRM plays an equally pivotal role at the local scenes of the MNCs’ subsidiaries. This is yet another indication that IHRM is the extended version of HRM: IHRM plays a local-level role as well as an extended, global-level role in managing human resources.

In addition to the above-mentioned perspectives, both Participant-N’s and Participant-A’s comments suggest a strong cross-cultural underpinning in the global-cum-local role
of IHRM. The comments constitute anecdotal evidence that cross-cultural factors have a strong bearing on the workings of IHRM. This in turn suggests that it is imperative to address cross-cultural factors in IHRM. This imperative is clearly reflected in the comments of Participant-M (the Executive Director and Country Manager of MNC-S-14 who had lived as an expatriate in 7 countries at the time of the interview). When asked the question ‘In your opinion, what is the most crucial factor that makes management of human resources across country borders different from HRM at the local level?’ Participant-M said this:

*I think [...] probably the most important one is multicultural differences [...] managing and understanding the differences of how people react and respond in their cultures which can be quite different to other cultures. And we throw all those people together [working side by side with their cultural differences in the same] organization. There are some challenges in managing those cultural differences.*

- Participant-M, MNC-S-14

When next asked what the management should do to address the factors that differentiate IHRM from HRM, Participant-M said:

* [...] Make people aware that diversity and [inclusiveness] are very important attributes of a very successful organization. So we spend a lot of time talking to people about their cultural differences and [...] training and educating people to accommodate those differences; to be more aware of those differences when they have interactions; to really, consciously value inclusiveness, including people that might have different views from you, or might think differently from you. I think an emphasis on that is most important.*

- Participant-M, MNC-S-14
Besides Participant-M, several other participants also identified ‘cultural differences’ as the most crucial factor that differentiates IHRM from HRM. The following are what some of them commented in response to the question seeking to identify the differentiating factor:

Number one, it’s definitely cultural differences. That’s why we have local HR managers. [...] HR director in Australia can only guide his local HR managers in terms of corporate HR practices and policies and so on. He would not be able to go to Sri Lanka and have a negotiation with some staff who, let’s say, have a grievance against one of their [local] managers [... ...].

- Participant-N, MNC-S-15

The cultures of [different] countries. The way I look at it, the principles of HRM remains the same across the globe; [but] the practices differ. And the practices, you have to adopt the practices based on the cultural requirement of the country or the region which we are operating in.

- Participant-J2, MNC-S-10

I think certainly cultural differences are very important and I think legislative frameworks and demographics are also important as globalization progresses, as people become more and more mobile I think the issues of cross boarder HRM are becoming a bigger and bigger issue.

- Participant-J1, MNC-S-10

The ability to adapt to different cultural norms, what is acceptable in Thailand isn’t necessarily acceptable in Singapore, or Vietnam or Malaysia, even though it is still South-East Asia.

- Participant-K3, MNC-S-12
The transcription extracts in this sub-section of the thesis have unravelled the fact that MNCs employ a number of IHRM means to address cross-cultural issues and circumstances. These means are international assignments; specific pre-expatriation training; inculcation of ‘think global, act local’ mindset; promotion of diversity and inclusiveness within the firm; cultural training and education programs; employment of locals as HR head and HR manager; and localized HR practices that tie in with local cultural contexts. This is merely the list drawn from the transcription extracts in this sub-section; it cannot be deemed exhaustive. However, based on this list and the overall contents of the transcription extracts, it is conclusive that IHRM is at the core of managing cross-cultural competency and adaptability in MNCs. It is also conclusive that this cross-cultural, cross-border role of IHRM constitutes part of the ‘extension’ that differentiates IHRM from HRM.

5.3.3 HR Network of Shared Connections in IHRM

HRM across country borders within an MNC entails a network of mutual support among the subsidiaries of the MNC; through this network the subsidiaries share benchmarking and best practice. This is the gist of Participant-B’s (MNC-S-2) description differentiating between HRM across country borders (IHRM) and HRM at the local level. The mention of ‘network’ in the description ties in with Participant J1’s (MNC-S-10) comment alluding to an MNC as a ‘network of companies’. Participant-J1 was commenting about expatriation arrangement in MNCs, referring to it as the means to bring experience, drive and knowledge to the network of companies within individual MNCs.
Participant-F (MNC-S-6) directly referred to an MNC as a ‘global network of companies’. The participant was commenting on standardization and localization of HR practices among subsidiaries of MNC-6, stressing the importance of localizing HR practices amid standard corporate guidelines. Here is what the participant said:

*Generally speaking, [...] it’s an unwritten policy that [we standardize our practices] but with a global network of companies, then there will be autonomy for the companies in those countries. We believe that the companies that we’ve acquired over the years or the operations we’ve established in different countries are best run by the people that know the countries and cultures [...] So we do have corporate guidelines but we have localization wherever possible in a business unit.*

- Participant-F, MNC-S-6

Drawing on the above interview data, IHRM arguably entails a functional network that serves a physical network; the former consists of a ‘sharing’ phenomenon while the latter closely inter-related business units. In succinct terms, IHRM entails a ‘HR network of shared connections’. This notion of IHRM can be further substantiated by citing some other participants whose comments and revelations suggest the phenomena of ‘network’, ‘sharing’ and ‘connections’ in IHRM.

Participant-I (MNC-S-9) is one such participant to cite. As gathered from the participant, an MNC-wide, standard expatriate management system provides a neat platform to train, develop, transfer and reward talent of the MNC across country borders. Further, according to the participant, having the subsidiaries share the same processes make it easy for an MNC to leverage talent across country borders. While elaborating on this, the participant mentioned several concept and phenomena relating to globalization, for example, ‘global mindset’, ‘the world becoming increasingly
borderless’ and ‘mobility of people across the globe’. On the whole, what the participant related is the IHRM phenomenon of talent sharing within individual MNCs, under the circumstances of globalization. In this phenomenon, the talent is connected across country borders by some shared, standardized IHRM processes; everything happens within a ‘HR network of shared connections’.

Participant-K3’s (MNC-S-12) comments provide further insights into the talent sharing phenomenon in IHRM coupled with globalization situations surrounding it. In the participant’s words, ‘globalization means sharing resources around the globe’. Relating circumstances surrounding talent sharing – especially sharing of higher level talent and international managers – within individual MNCs, the participant put across these words: ‘you will see much more fluidity in terms of movement’; ‘people might have long term [employment] contracts, but they won’t be geographically based: it will be a specific role [that they undertake], and they will do it in different countries’. Elaborating further, Participant-K3 said:

[Certain MNCs] rotate their people quite a bit - they bring people in, and they take people out. People are coming from India, coming from Europe, coming from the States, coming from all over; and [the] maximum contract is three years; and generally they would be here one to three year; and once their role is finished, [...] they are sent somewhere else. It’s become a much more global job; so no one gets a fixed geographical position.

- Participant-K3, MNC-S-12

The above revelations of Participant-K3 again support the notion that IHRM entails a HR network of shared connections. This network connects human resources between geographically dispersed subsidiaries of individual MNCs and facilitates the sharing of
talent between these subsidiaries. Two important facets of talent sharing within this network are mobility of talent and global orientation of the job undertaken by talent.

Based on the interview data highlighted in the last few paragraphs, three major attributes of the HR network of shared connections in IHRM (NSC in IHRM) are identifiable. First, the NSC in IHRM is underpinned by a global mindset and facilitated by standardized systems, tools and processes. Second, NSC in IHRM provides the medium as well as instruments for mutual support between the subsidiaries of an MNC. Third, the NSC in IHRM is characterized by the sharing of HR factors (namely HR policies, practices, processes, tools and activities), the major examples of which include the talent pool and HR best practice. In effect, shared HR factors featured prominently in the 21 participants’ responses to the various interview questions concerning HRM in their MNCs. TABLE 5.3 below lists some of the shared HR factors derived from the interview data.

**TABLE 5.3**

**Shared HR Factors**

<table>
<thead>
<tr>
<th>Some Shared Elements in IHRM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Relationships</td>
</tr>
<tr>
<td>Social Capital</td>
</tr>
<tr>
<td>Experience and Knowledge</td>
</tr>
<tr>
<td>HR Policies and Practices</td>
</tr>
<tr>
<td>Global Staffing</td>
</tr>
<tr>
<td>Global Succession Planning</td>
</tr>
<tr>
<td>Global Talent Pool</td>
</tr>
<tr>
<td>Global Staff Training &amp; Development programs</td>
</tr>
</tbody>
</table>
All in all, the interview data presented in the last few paragraphs not only unveils the phenomena of ‘network’, ‘sharing’ and ‘connections’ in IHRM, but also the fact that these phenomena are crucial ingredients for the global workings of IHRM. Without the HR network of shared connections, HRM arguably cannot be extended to play the international role of IHRM and fulfil the cross-cultural, multinational HR demands of MNCs. By extension, the HR network of shared connections is arguably one of the major features that shape IHRM as the extended version of HRM.

5.4 Relationship Management as a Core Component of IHRM

5.4.1 Significance of Human Relationships and Relationship Management in IHRM

Human relationship issues featured prominently in the interview data collected from the 21 participants. In general, the interview data witness ‘human factors’ and ‘human relationships’ as core concerns in the life and operations of MNCs. More specifically, the data unveil the following: the complexity of human relationships and human relationship issues in MNCs; how such complexity emanates from diverse people from across cultures and national borders; and how such complexity poses a major challenge to HRM in MNCs. All in all, the data points to the pivotal role of relationship management in IHRM.

Human Relationships, Diversity and Cultural Differences as Interwoven Concerns in MNCs

In response to the interview question seeking description of IHRM, Participant-F (MNC-S-6) pinpointed ‘human relationships’ as a major concern to be managed in IHRM. When putting across this point, the participant highlighted the fact that an MNC is a melting pot of people from around the globe; and that culturally people differ,
sometimes greatly, from one country to another. Participant-F stressed that if diverse people from different countries are put in a melting pot at random, chances of them working together perfectly well are limited.

It is evident that Participant-F had the following three factors as the bases for identifying human relationships as a major concern in IHRM: diversity; differences between diverse people; and complex relationship issues that inevitably stem from differences between diverse people. Participant-F’s comments also suggest that diversity, cultural differences, and human relationships are closely interconnected. By extension, the comments point to the imperative to manage human relationships as one of the core concerns in IHRM; and that integral to this imperative is the imperative to address diversity and cultural differences between people.

Participant-K3\textsuperscript{33} (MNC-S-12) is another participant who highlighted the major impacts of human relationship issues on IHRM. The participant related the following ‘expatriate-locals’ relationship issues that emanate from cultural differences:

\begin{quote}
Even English people who go to Australia sometimes find it very hard to fit in, because the Australians and the English [are] very different; Australians are very laid-back, the English seem very uptight, pompous […] Even the so-called two types of expatriates would actually have an issue there.

- Participant-K3, MNC-S-12
\end{quote}

\begin{quote}
They don’t seem very adaptable to the local cultures. They think they can do everything the American way, or the Australian way, and in some
\end{quote}

\textsuperscript{33} Participant-K3 is English and had been an expatriate in Asia for 6 years at the time of the interview.
cases, the British way. [...] And often that just doesn’t work in nature, and people smile sweetly and nod and agree, but what they are saying is “I hear what you said but I’m not going to do it”.

- Participant-K3, MNC-S-12

The above revelations were based on Participant-K3’s own observations and experiences, as well as those of the participant’s expatriate friends. The citation of the English and the Australians in the first transcription extract shows that nationality can be a major source of cultural differences, irrespective of possible similarity in cultural root. The citation of the Americans, the Australians and the British in the second transcription extract – in the participant’s discussion of ‘expatriate-locals’ relationship issues in Asia – highlights the disparities between the Eastern culture and the Western culture as a common source of difficulty for Western expatriate managers in Asia.

In making the above comments, Participant-K3 obviously implied that expatriate managers must not have a closed mindset: they must always consider the local contexts in the way they deal with people at work. Participant-K3’s message is clear: if the local subordinates do not approve of the expatriate managers’ ways of doing things, they might act in a passive and uncooperative manner. This situation is understandably a precursor to strained human relationships and an unhealthy work atmosphere in the organization.

Participant-K3’s comments also reflect pervasiveness of circumstances arising from cultural differences and diversity of people in MNCs – as well as how such circumstances constitute potential causes of relationship issues among people in MNCs. It is common knowledge that in order to work well together in an organization, people need not only good coordination and cooperation, but also good relationships; rather,
there must be good relationships before good coordination and cooperation can be established. By implication, in order for culturally diverse people to work well in the ‘melting pot’ of an MNC, the relationships among them must be directly and indirectly managed.

Based on the above analyses, it can be concluded that relationship management is vital in IHRM; and that within relationship management in IHRM, human relationships, cultural differences and diversity are necessarily managed as a ‘package’. This conclusion can be further substantiated by the following interview data:

*I think you just have to be careful [not to practice] favouritism among people within your team. If they feel your favouritism toward one particular cultural background, this starts to create some fiction within the team. Also, you can [find] cliques [based on cultural and ethnic backgrounds within the team]. I just think you have to be very open. I think if you are a good people manager, [do] understand why people worry about diversity. I mean it’s not that people worry because they are different [from one another]. They worry that they are being penalized [because of their cultural and ethnic backgrounds] or somebody else might get a better opportunity because [this somebody is] favoured. […] I think as long as you understand that and you are fair then people can understand that you are fair.*

- Participant-G, MNC-S-7

Besides being in line with the preceding conclusion of the Researcher, the above comments of Participant-G indicate that relationship management in IHRM entails the promotion of openness, equality, fairness and trust. This, however, is not the whole picture about relationship management in IHRM. As derived from the overall interview data, relationship management is a demanding component of IHRM that requires a host
of purposeful HR processes and efforts. On balance, the interview data show that relationships among the culturally diverse people are in effect managed directly and indirectly by MNCs’ HR departments through various means. This is deliberated in the subsequent Section 5.4.2 (‘Means and Processes of Relationship Management in IHRM’).

**Complex Nexus of Human Relationships as a Complicating Factor in MNCs**

There is anecdotal evidence from the interview data that MNCs are faced with pervasive and highly complex human relationship-related issues. As inferred from the interview data, human relationships in an MNC are complex not only due to diversity and cultural differences, but also the complex nexus of human relationships, among the staff. This complex nexus of human relationships involves host country nationals, home country nationals and third country nationals (staff of different national origins). Participant-K3’s (MNC-S-12) comments cited in the preceding sub-section are anecdotal evidence of human relationship issues that can potentially occur between staff of different national origins. The circumstances related by the participant reflect the co-existence of staff of different national origins, consisting of expatriates and non-expatriates, in individual MNC subsidiaries.

To paraphrase the above paragraph, while the pervasive and complex human relationship-related issues in an MNC are clearly caused by the factors of diversity and cultural differences, such issues are further compounded by the complex nexus of human relationships in the firm. This complex nexus of human relationships involves expatriate and non-expatriate staff, collectively from the home country where the headquarters is situated, the host country where the MNC subsidiary concerned is
situated, and some third countries. The complexity of this nexus of human relationships is demonstrated in the following table.

**TABLE 5.4**

**Complex Nexus of Human Relationships in an MNC**

<table>
<thead>
<tr>
<th>RELATIONSHIPS WITHIN AN MNC-S</th>
<th>Sets of relationships involving the ‘Locals’ (Host Country Nationals) and the ‘Expatriates’ (Home Country Nationals and/or Third Country Nationals)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Locals</td>
<td>Locals</td>
</tr>
<tr>
<td>Locals</td>
<td>Expatriates (various countries/cultures)</td>
</tr>
<tr>
<td>Locals</td>
<td>Expatriate Managers (various countries/cultures)</td>
</tr>
<tr>
<td>Expatriates (various countries/cultures)</td>
<td>Expatriates (various countries/cultures)</td>
</tr>
<tr>
<td>Expatriates (various countries/cultures)</td>
<td>Expatriate Managers (various countries/cultures)</td>
</tr>
<tr>
<td>Expatriates (various countries/cultures)</td>
<td>Local Managers</td>
</tr>
</tbody>
</table>

As pointed out by Participant-G (MNC-S-7), people have a tendency to form cliques based on similar cultural or ethnic origins. This palpably further complicate the nexus of human relationships in MNCs. Moreover, as evidenced by the following transcription extracts, expatriates within an MNC may be grouped by the firm’s management based on geographical area of expatriation, or they may not fall distinctly within the ‘expatriate’ or ‘non-expatriate’ category.

*We previously had different schemes for the regional expatriates [and] international expatriates, but now we only have one scheme for expats.*

- Participant-A, MNC-S-1

*We currently have about 400 employees. Ninety-five per cent of them are locals [or] 98% are locals [...]. When I say 95% or more are locals, we have [only] about 11 people who are [our corporate] expats, who are working here on a contract term. We probably have*
about 35 people who may not be Malaysian passport holders but who are recruited locally. So [...] 15 or 16 Koreans; 4 or 5 Japanese; we’ve got a couple of Thais, we’ve got some [...] we’ve got a guy from East Timor; all [of them] have been living here in Malaysia, [...] we have recruited [them] on local Malaysian terms, conditions and contract. [That makes] more than 95% of the staff ['locals'].

- Participant-J1, MNC-S-10

Drawing on the above deliberations, this thesis recognizes diverse people in an MNC not as a single mass of different people, but as varied groups of people that converge on the firm. In addition, this thesis recognizes that within each of these groups, people are again different – even greatly different – culturally, socially and individually. It is based on this line of understanding that the subsequent Section 5.4.2 specifically examines relationship management in IHRM.

5.4.2 Means and Process of Relationship Management in IHRM

As mentioned earlier, this study found that relationships among the culturally diverse people in MNCs are managed directly and indirectly by the firms’ HR departments through various means. TABLE 5.5 below lists some of these means gathered from the interview data. This thesis identifies these means as ‘employee-friendly and relationship-building factors in IHRM’.
### TABLE 5.5

**Employee-Friendly and Relationship-Building Factors in IHRM**

<table>
<thead>
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All participants in this study do not believe in hard and fast rules but flexibility in relating to diverse people in their organizations. They also view leadership style as an individual matter. Participant-F (MNC-S-6), for example, uses either a diplomatic approach or disciplinary approach to get things done through the subordinates, contingent upon the circumstances and the subordinates involved. Participant-F stressed during the interview: ‘To go into a [management] role like this – particularly in a multicultural company – with a particular type of [leadership] style that was taken from an MBA text would not work; you would definitely fail.’ Just as flexible in dealing with diverse people in an MNC is Participant-N. Here is what Participant-N had to say:

> My leadership style is German [...] My attitude is German, my background is German, so this is how I am and who I am. What I have learned, still learning and hopefully never stop learning is adjusting to cultural requirements and differences at where I am. [...] I have to condition myself all the time to where I am and to whom I am talking to.

- Participant-N, MNC-S-15
Also noteworthy is Participant-O1’s ‘softer’ approach and Participant-K1’s consultative approach to dealing with Asian subordinates. According to both these participants who hail from Europe, compared to the manner they deal with Asian subordinates, they use harder and more direct approaches when dealing with European subordinates.

The above participants’ high-level open-mindedness and flexibility in leadership style boil down to two concerns in MNCs compared to non-global firms: the heightened need to manage diverse people effectively using the right approach; and the heightened need to avoid conflicts and create amiable working relationships between diverse people. Compared to managers in non-global firms, international managers in MNCs inevitably deal with much more diverse people and their complex nexus of relationships; it is therefore only appropriate that these managers are flexible in their leadership styles.

This line of understanding in relation to IHRM is traceable from the essence of the following comments of participant-B (MNC-S-2):

[IHRM is about being] multicultural [...]. You have to prepare to be open to diverse people. Sometimes you have a set [...] management style, [a set way] of doing things. You can’t think [and manage] like that; that is a bad way of doing things. When [your firm] opens up [and operates] across national borders, you really have to be very flexible and open-minded; you can’t be narrow-minded. [...] [Be] open, flexible and able to take constructive feedback. [...] Make the changes [when] necessary. You have to adapt to changes.

- Participant-B, MNC-S-2

As gathered from the few participants cited above as well as all other participants who talked extensively about IHRM, flexibility of leadership style comes about through open-mindedness, cross-cultural sensitivity, cross-cultural adaptability and
receptiveness on the part of the international managers. On aggregate, all participants’
comments point to the imperative for international mangers to have these attributes.
Some participants highlighted that MNCs seek to instil in their international managers
cross-cultural competency – which epitomizes these attributes – and they seek to do so
through specific cross-cultural training programs organized by their HR departments. It
is evident that flexible leadership style, cross-cultural competency and cross-cultural
training are crucial aspects of relationship management within the HRM function in
MNCs.

Besides the need for flexible leadership style on the part of individual international
managers, the participants highlighted the need for open and skilful communication
between international managers and their culturally diverse subordinates. The following
are what two of the participants said. Participant-F’s comments were about skilful
communication, while Participant-A’s comments open communication.

[To describe IHRM beyond ‘managing across country borders],
number one, it’s language. Communication being the single most
important part of management, it’s important that everyone [in the
MNC management] can communicate. So I find that language is a very
significant factor. Cultural differences are important [to note] in […],
for example, [a country where] you have a fairly sensitive society who
finds it difficult to deal with criticism, […] difficult to talk straight. So
there has to be a technique that you learn; and there’s no point in us
bringing in a big, tough American [expatriate manager] who is going
to shout and scream and [direct forthright criticisms] at local folk,
because it won’t work. So [that is a] culturally-linked language
[factor]. […] I think if you lump in cultural sensitivity and
appreciation along with language and call it the same thing, then
that’s what it is really, a mixture of two things.

- Participant-F, MNC-S-6
The most crucial factor in [the question] of local HR versus international HR is, in my opinion, ‘communication’. People need to know what this company’s values are. We practice consistent, similar standards across the board. So [we place standard] values in employees. And these are all people we value [...] People know they are being evaluated, and being evaluated by the managers [some of whom] could be [...] sitting in Singapore or Hong Kong. [...] We at management level know what the [standard] competencies are; it is not just for me alone to decide. We have a kind of matrix structure [...] where we have two people evaluating: the [immediate] boss and [the] function/line boss. So [the employees] know that, 1) there is good communication, and 2) [there is] trust. You need to have a certain level of trust because we are not dealing with a local situation; we are dealing with a global situation. [...] People have to trust that the company is going to be fair to them. [...] We make it very transparent. It’s all on [our corporate] website. [...] [Our] employees can see everything there. [...] It is very transparent. So once you have the openness and the transparency, it’s not an issue any more.

- Participant-A, MNC-S-1

In the first transcription extract above, Participant-F’s message is twofold. First, in order to maintain good relationships with culturally diverse people in the organization, an MNC needs to deploy its international managers strategically; and the managers employed should be skilful in communication. Second, skilful communication on the part of the international managers is necessarily underpinned by cross-cultural competency. Overall, it can be inferred from Participant-F’s message that the management of relationships in MNCs is a multi-faceted and strategic process within the HRM function.
In the second transcription above, Participant-A’s main message is clear: it is essential for every MNC to convey its corporate values and policies to the employees through open communication, as such transparency promotes employees’ trust in the firm. Another significant message put across by Participant-A is as follows: any firm with a global presence should aim to be trustworthy and fair in managing its diverse and globally dispersed workforce – and the means towards this end is a clear corporate value system, which is upheld in conjunction with transparent, equitable and globally consistent HR policies and processes. This whole issue of ‘trust’, as highlighted by Participant-A, is effectively an issue of relationship management in IHRM. Participant-A’s revelations and comments constitute anecdotal evidence that MNCs seek to foster good employer-employee and superior-subordinate relationships by addressing, among others, the human relationship issue of ‘trust’; and they seek to do so through several IHRM tools and processes.

The deliberations in the preceding paragraphs highlight only some of the means and processes of relationship management in IHRM. However, it is conclusive from the deliberations that the means and processes of relationship management in IHRM address the interwoven effects of human relationships, cultural differences and diversity. By extension, there is a link between human relationship management and diversity management in IHRM. It is clear that corporate-level diversity policies and initiatives are one of the means of managing human relationships in IHRM (cf. TABLE 5.5).
5.5 Diversity Management as a Core Component of IHRM

5.5.1 Concept of ‘Diversity’ in MNCs

All participants in this study acknowledged the significance of ‘diversity’ in MNCs. Most participants identified ‘ethnicity’, ‘religion’, ‘gender’, ‘age’, ‘marital status’ and ‘nationality’ as the base factors of diversity. However, based on some participants’ elaboration, ‘diversity’ in MNCs is generally a very broad concept. The following transcription extracts attest to this point.

We see diversity as more than just race [variety]; we look at diversity from a male-female ratio perspective; we look at diversity from the perspective of how many [staff members] you promote in-house as opposed to recruiting external talent. [...] We remind people that it is against our policy to be discriminatory in anyway […]; and we do not do Aids screening as a pre-appointment procedure because we say we do not discriminate against anyone with Aids. […] That policy is stated.

- Participant-D, MNC-S-4

Worldwide we have quite comprehensive policies […] in terms of managing diversity; it is not just cultural diversity or general diversity. We actually have to update our board of directors twice a year in terms of our approaches to diversity management – and we have a list of what we consider factors of diversity. Again, not just culture, colour of your skin, gender; it goes as far as the number of handicapped people we are employing, [as well as] sexual preferences: homosexuals or heterosexuals and whatever.

- Participant-N, MNC-S-16

While defining ‘diversity’ broadly, the participants conveyed an unequivocal message: that MNCs must not discriminate against any of their employees based on any of the
base factors of diversity. Drawing on the participants’ revelations, ‘non-discrimination’ and ‘equality’ can be deemed the keywords that best describe every participating MNC’s overall policy on diversity.

5.5.2 Significance of Diversity and Diversity Management in IHRM

Diversity Policies and Initiatives as Major Managerial Instruments in MNCs

As can be concluded from the interview data, all participating MNCs take diversity very seriously; and they all have diversity policies and initiatives of various degrees of sophistication. Diversity policies and initiatives were even highlighted by some participants as part of their firms’ corporate strategic plans. It is evident from the transcription extracts in the preceding sub-section that MNC-4 and MNC-16 have very clear and well-structured diversity policies. So does MNC-10. In March 2007, MNC-10 signed a diversity charter with an initiative launched by political and business representatives in its home country, Germany. In the company’s 2007 ‘Facts and Figures’ handbook, the company was reported to have senior executives from 36 countries and executive candidates from 39 countries.

Diversity as a Source of Strength for MNCs

All participants recognizes the central importance of diversity to their respective MNCs. They unequivocally asserted during the interview that MNCs must create diversity in their human resource pools by not discriminating against any prospective and current employees. The fact, as evidenced by the interview data, is that MNCs benefit enormously from diversity. Participant-J2 of MNC-10, for example, had this to say: ‘We view diversity as a clear competitive advantage [that enhances] business success.
We recognize and use the diversity we have.’ MNC-10’s 2007 ‘Facts and Figures’ handbook indicates the importance of diversity even clearer: ‘The diversity of our employees with their many different skills and talents offers us opportunities to find innovative and creative solutions – particularly in view of the different needs of our customers and business partners.’ The importance of diversity as a competitive advantage and a means towards creativity and innovation in business is also evident from the following words of Participant-I (MNC-S-9):

*We must harness the diversity of [various cultures] [...] And diversity is very important to us because it is a source of innovation – because by having diverse workforce we have diverse ideas, diverse opinions, diverse views; these diverse perspectives if managed productively will give us the competitive edge, [...] will bring more creative and innovative inputs into the business. [...] We see [diversity] as an opportunity.*

- Participant-I, MNC-S-9

In benefiting MNCs in the above-mentioned respects, diversity is certainly important for MNCs’ business sustainability. Participant-A (MNC-S-1), for one, highlighted this latter area of importance, attributing it to the fact that diversity brings together all the virtues and strengths of diverse people. In Participant-F’s (MNC-S-6) explanation, diversity allows an MNC’s headquarters to draw the best from the firm’s human resources and strengthen its business capacity across different countries.

To sum up the above findings, MNCs reap major benefits from diversity – including competitive advantages, innovative and creative business solutions and business sustainability. MNCs place central importance on diversity policies and initiatives, even recognizing them as a strategic part of the firm’s overall management. There is every
indication from the interview data that diversity is managed in organized manner in MNCs, except that it is managed to different degrees of sophistication in different MNCs. Ultimately, it can be inferred from the interview data that diversity management is one of the core components of HRM in every MNC. The following sub-section dwells on how diversity is managed in MNCs within the HRM function.

5.5.3 Means and Process of Diversity Management in IHRM

The interview data highlighted in the preceding sub-section indicate that diversity policies and initiatives constitute a significant part of diversity management in IHRM. Corporate culture based on clear corporate values is equally significant in diversity management. Such corporate culture serves to unite staff of diverse backgrounds in the MNC, enabling them to collaboratively achieve the objectives of the firm. This notion linking corporate culture, corporate values, diversity management and firm performance was conveyed directly and indirectly by some participants. Participant-E1 (MNC-5) was one of the participants who conveyed the notion directly. Participant-E1 stressed the significance of corporate culture in diversity management, asserting that diversity management entails running the organization in accordance with the corporate culture. Notably, the participant also stressed that the HR department plays the biggest role in this regard.

Participant-J2 (MNC-10) is another participant who emphasised the role of corporate culture in managing diversity. According to the participant, MNC-10 seeks neither to change nor adjust to certain characteristics of its diverse staff; instead, the firm puts in place a clear corporate culture for the diverse staff to live by. This corporate culture, as Participant-J2 further explained, is based on merits and diversity principles; and the
onus is on the individual employees to accept and adapt to it. Besides Participant-J2, Participant-E2 (MNC-5) also alluded to the role of ‘merits’ in diversity management in MNCs. According to the participant, MNC-5’s key performance indicators (KPI) assess not only staff performance, but also if the staff live up to the firm’s corporate values. This is the way the firm provides a level playing field for its staff of diverse background. All in all, it is clear that corporate culture and diversity principles within a merit-based framework are tools for managing diversity in IHRM.

Participant-B (HR manager of MNC-S-2) opined that the management of diversity is the biggest HRM challenge in MNCs, citing the imperative to implement clear HR policies that promote ‘transparency’, ‘openness’, ‘trust’, ‘fairness’ and ‘equity’, among other values. It is noteworthy that, despite the implementation of such policies, Participant B’s HR department was still faced with certain diversity related issues that it was unable to address adequately. With regard to this, Participant-B said: ‘You should work it out on a case-by-case basis.’ It is also noteworthy that Participant-B’s firm, MNC-S-2, revises its HR policies every three years. This shows that this MNC constantly works on improving the ways it addresses various IHRM challenges, which invariably include challenges pertaining to diversity.

Participant-B’s comments and revelations reflect two facets of the process of managing diversity in MNCs. On the one hand, there are standard frameworks that have been put in place to govern the process. On the other hand, there are contextual factors that complicate the same process. The former consists of specific diversity policies and initiatives, a corporate value system as well as other HR policies that promote good values pertaining to diversity. The latter involves various contextual factors and issues.
The subsequent paragraphs examine this latter facet of the diversity management process.

Participant-K3 (MNC-S-12) is one of the participants who emphasized the need to consider the local contexts in the management of diversity. Responding to the Researcher’s question on the challenges of managing a multi-cultural workforce, the participant asserted: ‘The concept has always been “think globally, act locally”.’ Drawing on this assertion and other assertions of the participant during the interview, the Researcher affirmed the understanding that as the majority of employees in an MNC-S are local people, the management of the firm has to address the socio-cultural dimension of the local workforce and, in general, the local contexts. This line of understanding ties in with the following assertion of Participant-I (MNC-S-9): ‘In all the countries we [MNCs] are in, we should reflect the societies we are in; we should reflect the consumers that we are serving.’

The imperative to address the local contexts in managing diversity in MNCs is also evident from the following transcription extract:

[Based on anecdotal evidence], people in Asia are more respectful, less challenging of authority and quieter. So if I have a community meeting at a town hall, [...] and I am presenting stuff to people and asking for ideas and challenges [...] [I can] expect less challenges from the audience of an Asian context than I would if I was presenting in America, where Americans would be very happy to say ‘that’s rubbish’, challenge it and want to debate the issue. In Malaysia, it is sometimes quite difficult [for people] to do it. So we have consciously

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34 The question reads as follows: ‘What do you consider the biggest challenge in managing a multi-cultural workforce in general?’
been working on building people’s confidence to be [vocal], to have independent thought, to prepare to challenge and confront. It is a cultural thing.

- Participant-M, MNC-S-14

Participant-M obviously alluded to the fact that an MNC deals with culturally diverse people from and at different parts of the world; and hence each cultural group ought to be managed differently. The following comments of Participant-K1 (MNC-S-11) directly conveyed the same message: ‘I have Malaysians and I have Koreans [working with me]; they are like black and white, [so] completely different ways of managing [are required for different people].’

Participant-K1’s comments unveil a major fact about diversity management within an MNC: the task of addressing the local contexts in an MNC-S entails more than managing the socio-cultural dimension of the local staff per se; it also entails managing the social-cultural differences between culturally diverse people in the MNC-S. This condition boils down to the fact that, while the majority of the staff in an MNC-S are normally local people of the host country, an MNC-S is essentially a smaller version of the ‘melting pot’ of the MNC in its totality; it is made up of people from different cultures and countries. Ultimately, it can be inferred that there are two levels of diversity management in HRM in MNCs, namely (i) intra-subsidiary diversity management within individual MNC-S; and (ii) inter-subsidiary diversity management across the MNC.

Anecdotal evidence presented in this sub-section of the thesis confirms the central role of diversity management in IHRM. It is evident from the interview data that diversity
management is a highly strategic HR activity in any MNC: this HR activity involves the corporate culture; and the policies and processes relating to this HR activity have a strong bearing on the overall performance of the MNC. Another significant point evidenced by the interview data is that it is a huge challenge to manage diversity in an MNC. It is a huge challenge because there are vast variations and cultural differences between the diverse people within a single MNC-S as well as across the MNC as a whole to be managed.

5.6 Talent Management as a Core Component of IHRM

5.6.1 Significance of Talent and Talent Management in IHRM

During the series of interviews conducted in this study, subject matters relating to talent and management of talent featured prominently. In the first place, talent management emerged as the core of two participants’ descriptions of IHRM:

[IHRM is] capturing the ‘mind share’ of the talent; identifying talent and their competencies, and plug them into a knowledge database for them to be a bigger contributor on a global level, on the company’s global issues.

- Participant-A, MNC-S-1

[IHRM is] managing talent beyond the national borders.

- Participant-I, MNC-S-9

The Notion of ‘Talent’ and Competition for Talent at the Global Talent Market

Generally, all the participants emphasized the imperative for MNCs to have the best people serving their firms’ operations in the face of global challenges. The terms ‘best
people’, ‘talent’ and ‘best talent’ were used interchangeably by some participants. Accordingly, and based on the details of the interview data pertaining to talent and talent management, ‘talent’ was understood in this study as the best people that an MNC is able to attract, select, develop and retain amid keen competition at the global level.

Keen competition for talent among MNCs is an IHRM issue commonly highlighted by the 21 participants. As gathered from the participants, this is a phenomenon under globalization that cannot be avoided by MNCs. This competition is so keen that some participants called it the ‘battle for talent’ or ‘talent war’. To Participant-G (MNC-S-7), the entire global place where MNCs compete for talent is a ‘battlefield’. In the participant’s words, ‘the whole battlefield is [about] getting the right people and retaining the right people’. It is discernible from the overall interview data that all the ‘wars’ and ‘battles’ involving talent emanate from two factors in the global talent market, namely the quest for the best talent and the scarcity of talent. The latter factor is particularly evident from various participants’ revelations on how talent is very ‘fluid’, difficult to procure but susceptible to poaching by other firms, in this era of globalization.

**Strategic and Instrumental Roles of Talent Management in MNCs**

As gathered from the 21 participants in this study, talent management plays a highly strategic role in MNCs, catering to the long term needs and sustainability of these firms. Participant-G cited below is one of the participants who explicitly conveyed this fact.

> I think talent management [has become] a slightly more strategic activity. Instead of looking at [...] filling in a few vacancies short term, you really have to look at your platform and say where [...] the
Participant-G’s comments also project the fact that long-term talent succession planning and talent development programs are crucial aspects of talent management. The strategic importance of these two aspects of talent management within IHRM is evident from some other participants’ comments as well. Some of these comments are cited and deliberated in the next sub-section of the thesis, together with interview data pertaining to MNCs’ global talent pools and global talent sharing. On the whole, the interview data reflects interconnection between global talent succession planning, global talent training and development and global talent pool in serving the strategic role of talent management within IHRM.

Overall, the interview data suggest that IHRM is to a large extent about managing talent across cultures and national borders. This confirms what Participant-A and Participant-I said about IHRM, as quoted at the start of this sub-section of the thesis. The data also suggest that talent management in IHRM is an ongoing process the integrated parts of which can be encapsulated as follows: (i) global search and competition for talent; (ii) sharing of talent across cultures and national borders; and (iii) long-term, cross-border development and retention of talent. Given the wide ranging talent management

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35 Participant-A said this: [IHRM is] capturing the ‘mind share’ of the talent; identifying talent and their competencies, and plug them into a knowledge database for them to be a bigger contributor on a global level, on the company’s global issues. Participant-I: [IHRM is] managing talent beyond the national borders.
activities within IHRM, as well as the centrality of these activities to the long-term, strategic needs of the MNCs, talent management is effectively one of the core components of IHRM.

5.6.2 Means and Process of Talent Management in IHRM

Several participants talked extensively about how their respective MNCs seek talent, as well as how all MNCs must strategically develop and retain the talent they have procured. As revealed by two participants, when the required talent is scarce and unavailable in the local talent market, their firms recruit expatriates for the jobs concerned. Such cross-border talent recruitment is also practiced when cost and profitability are of concern to the firm. The following two transcription extracts are noteworthy:

*The best people make the best company, and without the best people [...] all go down. So if everybody in this country [...] is poaching off [everybody else’ talented employees], so eventually, where does this end? [...] Eventually profitability falls and all the companies sink. So we have to find different ways of doing that, and one of the ways is cross-border recruitment.*

- Participant-K3, MNC-S-12

*In Eastern Europe, often you can’t get the best local guys: it’s so expensive [to have them], it’s better to bring in an expatriate. [...] We have [such experience] in the Balkan countries. You’re limited to such a small handful of really top-class people; they move around every two years, and every time they move, they [command] higher salaries.*

- Participant-G, MNC-S-7
Apart from scarcity of talent and profitability concerns that lead to cross-border recruitment, the above transcription extracts unveil the phenomena of ‘talent poaching’ and ‘talent volatility’ in the global talent market. It is evident from the transcription extracts that the combined impact of ‘talent scarcity’, ‘talent poaching’ and ‘talent volatility’ on MNCs is immense. This effect is also evident from the following comments of Participant-B: ‘We don’t mind losing [our talent] within our sister companies, but not to [other MNCs]. You spend a lot of time, money and resources to build [the talent pool]. To lose them is really very painful.’

Participant-B gave only a partial picture of what an MNC would experience when losing talent to competitors. It is palpable that under this circumstance, the MNC not only suffers loss of talent per se, but also time and resources that it has invested in talent. It would now need to invest further time and resources replacing the poached talent. Precisely, this means another round of talent search and recruitment, followed by training of the newly recruited talent, for both work performance and adaptation to the firm’s value system. It is therefore understandable that ‘talent retention’ and the ‘creation and maintenance of the talent pool’ were highlighted by some participants as of great importance to an MNC.

As gathered from the participants, the efforts taken by MNCs to establish and maintain their individual talent pools are largely supported by their training and development structures. According to the participants, these training and development structures range from management trainee programs for very junior talent to career development programs for higher level talent. A number of participants highlighted that, while attractive remuneration and benefit packages are important to attract and retain talent, of
equal importance are career and personal development prospects that talent get to enjoy in the firm. This suggests that the ‘battle’ for talent is a continuous IHRM process in every MNC: the process does not stop upon successful procurement of the coveted talent, but continues throughout the career of these people with the firm. Accordingly, it can be concluded that the tasks of attracting, recruiting, training, developing and retaining talent are an integrated whole in the management of the MNC’s talent pool.

While deliberations in the earlier sections of this chapter established international assignments and cross-cultural training as crucial aspects of IHRM, the deliberations fell short of identifying these aspects of IHRM as means of ‘talent sharing’ in MNCs. The notion of ‘talent sharing’ is conceivable, for example, from Participant-I’s description of IHRM in the following transcription extract. Meanwhile, it is notable that some participants identified talent sharing as one of the major factors that differentiates IHRM from HRM.

By implication, [when you manage across country borders and cultures] you are at the same time wanting to harness and leverage your strengths across borders – meaning, some countries are good in certain areas, so you harness resources in [these countries] to help [sister companies in other countries].

- Participant-I, MNC-S-9

Further to the above comments, Participant-I revealed that MNC-S-9 normally posts its talent to sister companies in various countries for 3-5 years. Participant-J1 (MNC-S-10) also notably related that every executive in MNC-10 must have worked for an extended period in more than one country, preferably in more than one continent, before s/he is granted the status of a senior executive. These practices of MNC-9 and MNC-10 typify
what other participants revealed to be their respective MNCs’ practices with regard to international assignments. It is evident from the participants’ revelations that international assignments are an IHRM tool for promoting mutual learning among talent within an MNC. Through international assignments, talent share expertise, knowledge, perspectives and experiences across cultures and national borders, at various subsidiaries of the MNC. This is how sharing of talent takes place in every MNC; this talent sharing process is made possible through a shared talent pool.

From the findings presented so far, it is clear that talent pools are necessary for the long-term talent needs of MNCs. Talent pools meet the contingency needs of the MNCs as well. The use of talent pools is evident from a case related by Participant-G (MNC-S-7). This case concerns the sudden death of a very senior expatriate manager at MNC-7’s subsidiary in Thailand. This unforeseen circumstance however did not jeopardize the managerial process in this subsidiary. This is because MNC-7’s headquarters was able to fill in the gap immediately through the managerial talent pool that it had always maintained alongside a global talent succession plan. An important attribute of this talent pool was that its members were all well-equipped with vast cross-cultural/cross-national experiences and were internationally mobile. As a member of this talent pool, the replacement manager posted to the subsidiary in Thailand was able to settle into the job quickly. This international manager’s cross-cultural/cross-national competency compensated for the fact that Thailand is very different culturally, socially and politically from European countries where most of MNC-7’s top international managers originated.
Other than serving the long-term and contingent needs of the firm, the talent pool of every MNC is important for the reasons cited by Participant-G in the following transcription extract.

*There is a lot of research that says – when you appoint senior leaders in a business – if you recruit them from outside of the company, often it’s less successful than if you appoint someone internally.*

[... … ]

*As the economy continues to grow globally, and places like China come to really expand [economically] and really drain a huge amount of talent, I think definitely having your own talent coming through your own development programs [is helpful].*

- Participant-G, MNC-S-7

Based on all the above deliberations, it can be concluded that a large part of talent management in IHRM is about managing the talent pool and the sharing of talent. Arguably, without cross-border talent management with its talent pool and talent sharing process governed under the firm’s HRM function, an MNC is unable to manage its geographically dispersed subsidiaries. By extension, without structured talent management as one of its core components, IHRM (HRM in MNCs) cannot serve the human resource needs of the MNC across cultures and national borders.

### 5.7 Concluding Remarks

The findings presented in this chapter concern the overall nature of IHRM. Based on these findings, IHRM can generally be described in three ways. Firstly, IHRM can be described in terms of what it is: it is a HR network of shared connections – within which there is a nexus of diverse relationships; a formula of cross-cultural partnerships; a program for leveraging diversity; and a structure of talent sharing. Alternatively
described, IHRM is a HR network of shared connections encompassing three systems all in one: a system of cross-cultural relationships and partnerships; a system for leveraging diversity; and a system of talent sharing.

Secondly, IHRM can be described in terms of the main challenges facing it and how it generally operates in the context of these challenges. Within an individual global firm, IHRM is faced with, among others, main challenges with respect to globalization, diversity, multiculturalism and strategic partnerships among people across country borders. Accordingly, the main variables underscoring IHRM processes are globalization variables; diversity variables; cross-cultural variables; and global talent variables, among others. In addressing these challenges and variables, IHRM invariably operates around global, strategic, cross-cultural and open outlooks. This orientation of IHRM in turn requires some cross-border, cross-cultural process factors, including (i) shared HR factors (cf. TABLE 5.3); and (ii) employee-friendly and relationship building factors (cf. TABLE 5.5).

Thirdly, IHRM can be described in terms of the factors driving its functional process (drivers of IHRM). Drawing on the deliberations in this chapter, the following can be identified as the drivers of IHRM: (i) ‘borderless’ partnerships and relationships; (ii) cross-cultural adaptability and relationship building; (iii) flexibility amid consistency; (iv) oneness and equity in diversity; and (v) talent and leadership sharing. The roles of these IHRM drivers can be summarized in four points. First, it is through ‘borderless’ partnerships and relationships that IHRM operates across country borders. However, such global-level connections within IHRM can only materialize if there are cross-cultural adaptability and relationship building elements in the process. Meanwhile, amid
consistent corporate value system and policies, flexible and locally relevant HR policies/practices are a vital part of the IHRM process as well. Revolving around a ‘sharing’ phenomenon that largely concerns leveraging diversity and talent across cultures and national borders, the process of IHRM is also driven by shared leadership, shared talent and preserved diversity based on principles of equity.
CHAPTER 6
FINDINGS: PROCESS STRUCTURES OF IHRM

6.1 Introduction

While Chapter 5 dwells on the fundamentals of IHRM, this chapter focuses on the core vehicles in the workings of IHRM. This thesis terms the latter as ‘process structures of IHRM’, referring to them as standardization of HR policies and practices (standardization), localization of HR policies and practices (localization) and HR best practice. This study found the roles of these three aspects of IHRM pivotal as a defining part of IHRM, alongside other IHRM fundamentals featured in Chapter 5.

Section 6.2 lays out the themes and sub-themes underscoring the identification of the process structures of IHRM in this study. Section 6.3 examines the roles of standardization\(^{36}\) pertaining to MNCs’ corporate identities, overall operations and HRM processes. Section 6.4 examines localization\(^ {37}\) mainly in relation to standardization and in terms of its importance within the processes of HRM in MNCs. Section 6.5 dwells on the concept of HR ‘best practice’ in relation to certain phenomena and processes in MNCs. It also examines the link between HR best practice, organizational hierarchy and standardization/localization within HRM in MNCs.

\(^{36}\) Throughout this chapter and the rest of the thesis, ‘standardization’ refers standardization of HR policies and/or practices.

\(^{37}\) Throughout this chapter and the rest of the thesis, ‘localization’ refers to localization of HR policies and/or practices.
6.2 Themes Developed from the Interview Data

Based on the participants’ responses to various interview questions, three common topics in the existing IHRM literature – namely ‘standardization of HR policies and practices’, ‘localization of HR policies and practices’ and ‘HR best practice’ – were dwelt on extensively in conjunction with data analysis in the study. As a result, the following themes and sub-themes, which the Researcher deems crucial for understanding the workings of IHRM, were developed.

I Standardization of HR Policies and Practices as a vehicle for the workings of IHRM

II Localization of HR Policies and Practices as a vehicle for the workings of IHRM

III HR best practice as a vehicle for the workings of IHRM

Underpinning the above themes are the following sub-themes:

Sub-themes of Theme (I)

- Consistency of Corporate Policies, Cultures and Identities in MNCs
- Staff Equity, Alignment in Administration and Leadership in MNCs
- Increased Standardization in the Course of Being Global on the part of MNCs

Sub-themes of Theme (II)

- Combined Standardization-Localization Approach in IHRM
- Standardization versus Localization: Viability versus Necessity for Adaptation
- Localization within Parameters of Standardization
- Interrelation between Organizational Hierarchy and Standardization/Localization
Sub-themes of Theme (III)

- HR Best Practice as a Product of Organizational Learning and Localization
- HR Best Practice as Part of Cross-Border/Cross-Cultural IHRM ‘Shared Affairs’
- Interrelations between Organizational Hierarchy, Standardization/Localization and HR Best Practice
- Interrelations between Organizational Hierarchy, Standardization/Localization, HR Best Practice and Flexibility in the Overall Workings of IHRM.

6.3 Standardization of HR Policies and Practices

6.3.1 Consistency of Corporate Policies, Culture and Identity

MNC subsidiaries (MNC-S) generally adhere to HR policies and practices formulated by their headquarters wherever possible, except in areas where localization is necessary to accommodate the local or regional contexts. This is a finding derived from various participants’ references to the HR approaches of their MNCs. Participant-E1 (MNC-S-5) and Participant-F (MNC-S-6), for instance, related the following: ‘the guiding principle is to align and standardize rather than to do something different in the organization unless there is a need to do [the latter]’ (Participant-E1); ‘generally the idea is to have common policies and procedures throughout for consistency reasons’ (Participant-F). Participant-E1 even opined that it is the job of every MNC’s international HRM team to ensure that HR policies and processes are the same across all of the firm’s subsidiaries.

As gathered from various participants, standardizing HR policies and practices (standardization) is one of the major measures taken by individual MNCs to ensure consistency of their corporate policies. Indeed, interview data collected from the
participants suggest that the corporate policies are indispensable to every MNC and upholding these policies through standardization is a key aspect of the MNC’s agenda. The interview data also unveil that all participating MNC-S invariably adhere to their corporate policies. A number of participants revealed implicitly and explicitly that, while practices may vary from one MNC-S to another, the core policies are normally consistent throughout the whole MNC. The following assertions of Participant-I (MNC-S- 9) encapsulate all participants’ points regarding the roles of the corporate policies in an MNC: ‘the corporate policies are necessary for the firm to claim to be an MNC or a global firm; the corporate policies provide a consistent guide that helps the MNC weather difficult times.’

Based on the above-mentioned interview data, it is clear that the corporate policies serve as a ‘signpost’ that provides the MNC’s globally dispersed subsidiaries with a common, clear direction; and this role of the corporate policies is effected through standardization. In parallel with the corporate policies, the corporate identity and corporate culture38 were recognized in this study to be of paramount importance to MNCs as well. Again, the interview data point to standardization as the means by which these three dimensions of MNCs are upheld. Participant-E1 quoted below is one of the participants who alluded to this role of standardization.

\[
\text{You need a common set of company values; therefore you need a common set of processes and tools to inculcate the company culture and values. Whether [...] you are in Australia or Nigeria or Kenya, you have to or you would like to have people behaving the same way within the organization [...] It can only be so if there is a standardized set of processes across the countries.}
\]

38 Each time ‘corporate culture’ is mentioned in this thesis, it is intended to mean the ‘corporate values’ as well as the ‘norms and expected ways of behavior’ in the organization.
Participant-E1’s comments are part of the interview data that project the importance of standardization to centralization, corporate control and global consistency in the management of MNCs. As inferred from the interview data, when implemented across an MNC’s globally dispersed subsidiaries, standardization enables the MNC to not only uphold its corporate culture and identity, but also achieve centralization and corporate control in its management.

6.3.2 Staff Equity, Alignment in Administration and Leadership

As gathered from Participant-A (MNC-S-1), Participant-G (MNC-S-7) and Participant-I (MNC-S-9), the issues of ‘fairness’, ‘equality’, ‘trust’ and ‘coordination’ are of great concern to MNCs’ global managers and specialist staff when they move from one country to another on international assignments and/or overseas postings. In Participant-I’s words, for example, ‘[employees] do appreciate that [whichever subsidiary of the MNC] they work in, they will always [experience] consistency in the firm’s policies.’ On aggregate, the three participants point out that where HR policies and practices are concerned, such consistency promotes equality among the MNC’s globally dispersed staff. This gives employees peace of mind that they are treated with fairness and transparency wherever they are posted within the MNC. Participant-A, for instance, asserted the following to this effect:

You need to have a certain level of trust because we are not dealing with a local situation; we are dealing with global situations, and people have to trust that the company is going to be fair to them.
If you need employees to work in a global environment, [the employees] need to understand that this company can be trusted [and] has the same processes across the globe.

- Participant-A, MNC-S-1

What the above-mentioned participants collectively highlighted is, again, the need for an MNC to have consistent corporate HR policies that are perpetuated through standardization (cf. Section 6.3.1). On the whole, the interview data gathered from various participants point to the role of standardization in bringing about ‘fairness’, ‘equality’ and ‘coordination’ among the MNC’s globally dispersed staff. Several participants highlighted the need for standardization alongside fair and equitable treatment of all the talent in the MNC’s talent pool. The participants highlighted this especially when discussing the sharing and maintenance of the global talent pool within individual MNCs. Using the term ‘alignment’ instead of ‘standardization’, Participant-E1, for instance, stated that alignment in administration and policies enables an MNC’s talent to move between countries – on international assignments or other kind of overseas postings – without being subjected to different incentive schemes, performance appraisal processes and talent monitoring systems. These facets of talent management were also stressed by Participant-G:

*There are things that work well when they are coordinated […] When you talk about an international group of managers – for example, for me, I have to know that I am going to be treated the same when I move from UK to Denmark, Malaysia to Vietnam, to Russia, to Eastern Europe, to Africa. […] – [Consistency] takes out a lot of concerns when you move around. […] We have an international graduate training scheme […] We will get one [graduate trainee] from Copenhagen and [our sister company in Copenhagen] will get one from Kuala Lumpur. There are actually 20*
of [these trainees] in the [talent] pool. All of these guys move around. The administration and again, the treatment of these people have to be in alignment. Otherwise you get 20 sets of administration. [...] You can just do it once, and you have to be fair to people. To have different systems and concepts will not work.

- Participant-G, MNC-S-7

As gathered from the 21 participants’ responses to various questions in the interviews, the benefits that MNCs reap from standardization are not limited to those discussed above. According to some participants, standard practices and procedures are helpful ‘tools’ for work processes in MNCs. In Participant-E2’s words, ‘you have to “think tools” in certain processes’. For some other participants, to standardize and be consistent in practices and procedures is to ‘harmonize’ the processes of doing things in MNCs. As highlighted by Participant-A, individual MNCs need consistent processes which can be rolled out very quickly across their subsidiaries in various parts of the world.

A number of participants related directly and indirectly that where elements of ‘leadership’ and ‘senior talent’ are concerned, there is always strong or complete standardization. Participant-C, for example, revealed that MNC-S-3 strictly adheres to an MNC-wide standard leadership framework, on top of a standard set of corporate management principles. There was also acknowledgement from the participants that leadership training in individual MNCs is invariably ‘standardized’ or, in some of the participants’ word, ‘global’.

As further gathered from the participants, there are various types of leadership training, each with a different degree of standardization, for executives from different levels of
an MNC’s organizational hierarchy. The training may be held at the MNC’s
global/regional headquarters or subsidiaries, using the headquarters’ standard training
materials and approaches. In all these standardized leadership training programs, there
is always a strong focus on the MNC’s corporate value system. This reflects the
significance of the corporate value system and standardization through which it is
maintained in the management of an MNC. The central roles of standardization in
MNCs are summarized in TABLE 6.1 below.

**TABLE 6.1**
**Benefits of Standardization of HR Policies/Practices**

<table>
<thead>
<tr>
<th>How MNCs Benefit from Standardization of HR Policies/Practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Maintenance of corporate identity and culture</td>
</tr>
<tr>
<td>- Consistent policies and values which guide the firm in its operations and during its difficult times</td>
</tr>
<tr>
<td>- Sameness, fairness and equality among all employees across all subsidiaries</td>
</tr>
<tr>
<td>- Employee trust in the organization</td>
</tr>
<tr>
<td>- Convenience, clarity and efficiency in HR processes and procedures</td>
</tr>
<tr>
<td>- Coordination among all staff in different subsidiaries</td>
</tr>
<tr>
<td>- Clarity and efficiency in talent management and expatriate management</td>
</tr>
<tr>
<td>- Leadership and top talent that blend in with the corporate culture and value system</td>
</tr>
</tbody>
</table>
6.3.3 Increased Standardization in the Course of ‘Being Global’

As evidenced by the interview data presented in the preceding Section 6.3.1 and Section 6.3.2, MNCs generally standardize their HR policies and practices wherever possible. In fact, several participating MNC-S were in the process of working towards more standardization at the time of the interviews. MNC-14 was a case in point. After working with a level of standardization which Participant-M (the Executive Director and Country Manager of MNC-S-14) said might have been 30% or 50% five years before that, MNC-S-14 had had its HR policies and practices standardized up to about 80% by the time of the interview. Participant-M further revealed that ‘[the corporate headquarters is] moving very much into global standardization; so that percentage may [still] increase’.

Besides MNC-S-14, MNC-S-10 was also on the trend of increasing standardization. According to Participant-J2, MNC-10 had planned for its subsidiaries across the region\(^{39}\) to gear up standardization of policies and practices in the following 12 to 18 months. In Participant-J2’s assessment, the firm could achieve more than before in various aspects of its operations through increased standardization. MNC-7 was another participating firm that tried to standardize a lot more of its internal operations. In Participant-G’s (the Supply Chain General Manager of MNC-S-7) opinion, ‘standardization is better; the feeling is that standardization is the way to go’.

\(^{39}\) MNCs with extensive global presence are known to group their subsidiaries based on regions or cultural clusters. Some of these MNCs have regional headquarters besides the global corporate headquarters. Some standardization requirements are driven out of the regional headquarters for subsidiaries in the regions concerned.
The cases of MNC-S-14, MNC-S-10 and MNC-S-7, as related above, reflect a phenomenon of ‘increased standardization in the course of being global’ on the part of some MNCs. This adds to the general desire of MNCs to implement consistent HR policies and practices across their respective subsidiaries (cf. Section 6.3.1). These two phenomena are attributable to the benefits of standardization in IHRM (TABLE 6.1).

6.4 Localization of HR Policies and Practices

6.4.1 Combined Standardization-Localization Approach

Despite the benefits and central roles of standardization in IHRM, none of the 17 participating MNC-S apply full standardization in their HR policies and practices. Neither do they apply full localization. All of them take a combined standardization-localization approach.

TABLE 6.2
Absence of Full Standardization/Full Localization in MNC Subsidiaries

<table>
<thead>
<tr>
<th>Approach Taken</th>
<th>Number of MNC-S</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Relative to Parent Company’s HR Policies and Practices)</td>
<td>(out of 17 participating MNC-S)</td>
</tr>
<tr>
<td>Full Standardization</td>
<td>NIL</td>
</tr>
<tr>
<td>Full Localization</td>
<td>NIL</td>
</tr>
<tr>
<td>Combination of Standardization &amp; Localization</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>(All of Participating MNC-S)</td>
</tr>
</tbody>
</table>

The above finding was derived from the participants’ responses to the following interview questions:

*In this organization do you adopt the same – meaning all – HR policies, practices and procedures as those in the headquarters?*
All the participants except one, namely Participant-A of MNC-S-1, answered in the negative to the above question. However, Participant-A was quick to add that remuneration, compensation, employee benefits, as well as aspects of HRM affected by the host countries’ national policies, are largely not standardized. By way of inference, there is no full standardization of HR activities in MNC-S-1, just as in other participating MNC-S.

The combined standardization-localization approach to HRM is pervasive in MNCs. This is evident from the HR practices of participating MNC-S, as revealed by the participants, and from the participants’ specific responses to the following two interview questions.

What is the company’s rationale for taking [the combined standardization- localization] approach to its HR activities?

What has been modified in the ‘localized’ HR activities?

The interview data unveiled the fact that, while MNC-S adhere to their respective parent companies’ standard frameworks, they are confronted with the imperative to adapt certain parts of the standard frameworks to the host countries’ local contexts. To cite some of the participants, local contexts include ‘local legal requirements’, ‘local practices’, ‘local culture’, ‘local market’, ‘local socio-economic conditions’ and ‘local business environment’, among others. This finding about localization suggests that the purposes and benefits of standardization (cf. Section 6.3) must be understood in conjunction with the many circumstances necessitating localization.
It is notable that the word ‘adaptation’ was commonly mentioned by the participants when they highlighted the course of action required of MNCs in different host countries where they operate. For instance, Participant-G described MNC-S-7’s HR approach as ‘some adoption of headquarters’ version, some adaptation, and some full local versions’. This description encapsulates what the majority of participants indicated to be their respective MNCs’ approaches to HRM and other managerial functions.

6.4.2 Standardization versus Localization: Viability versus Necessity for Adaptation

As gathered from various participants in this study, in between standardization and localization of HR policies and practices in MNC-S, there is a question of ‘viability’ versus ‘necessity for adaptation’. To quote Participant-E1 (MNC-S-5), MNC-S should ‘standardize wherever is possible and relevant, localize wherever is necessary’. Congruent with this statement is Participant-K3’s (MNC-S-12) following response to the interview question on whether MNC-S-12 adopted the same HR policies, practices and procedures as those in its headquarters:

*In principle, yes, there is some drive [from the headquarters] towards standardization, but not on the practical level. Of course everyone wants to standardize everything: let everyone have SAP, let everyone have the same HR policies. But in practice it doesn’t work; you have to adapt.*

- Participant-K3, MNC-S-12

40 The question was under the section ‘Standardization versus Localization of HR Practices and Other Departmental Functions’ in the interview schedule. The question reads as follows: ‘In this organization, do you adopt the same HR policies, practices and procedures as those in the headquarters? I mean all the policies, practices and procedures.’
The above assertions of Participant-E1 (MNC-S-5) and Participant-K3 (MNC-S-12) are anecdotal evidence that while MNC-S are inclined towards standardization, such inclination is limited by the need for local adaptation in certain aspects of their HR policies and practices. The following statements of Participant-D attest to the same:

*Because there are different laws in different countries [...] you have different statutory requirements. So with different policies and procedures there needs to be [a combination of standardization and localization]. You have local policies as opposed to global policies, but wherever possible – if it is possible – we follow the global policies [and dispense with formulation of local policies].*

- Participant-D, MNC-S-4

Drawing specifically on the above interview data collected from Participant-K3, Participant-E1 and Participant-D, and generally on interview data presented so far in this section (Section 6.4), it is clear that IHRM entails a dichotomy between standardization and localization. On one side of the dichotomy is standardization that fulfils the corporate-level needs and requirements of the MNC; on the other is localization that fulfils the local-level needs of the MNC’s subsidiaries (MNC-S). At the MNC-S level, the requirement to accommodate certain local contexts makes it necessary to localize rather than to standardize in certain aspects of HRM. Where the combination of these contexts and HRM aspects are concerned, standardization is not applied because it is not viable to do so. Ultimately, the dichotomy between standardization and localization in IHRM is an issue of viability versus necessity for adaptation. This is a salient point with respect of standardization/localization in IHRM.
6.4.3 Localization within Parameters of Standardization

While the interview data presented in the preceding Section 6.4.2 point to the fact that standardization and localization are each influenced by the local contexts, overall interview data in the study reflect a pervasive phenomenon where localized HR policies and practices are almost always governed by a certain degree of standardization, hence control from the headquarters. This phenomenon is termed as ‘localization within parameters of standardization’ in this thesis. It exists in the HR system of every participating MNC-S and pervades all HR activities that were identified in this study to be commonly localized (cf. Section 6.4.5). This finding is especially evident from the interview data presented in TABLE 6.3 and TABLE 6.4 below. The data were drawn from various participants’ explicit or implicit revelations about their firms’ HR policies and practices.

<table>
<thead>
<tr>
<th>MNC-S</th>
<th>Relatively High Level of Localization</th>
<th>Standardized Elements in Local Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Headquarters provides small framework of HR principles without stringent HR policies; HR policies further developed locally Relatively high degree of local adaptation in HR activities</td>
<td>Development of local HR policies based on corporate HR principles</td>
</tr>
<tr>
<td>8</td>
<td>Estimated 90% decentralization on the part of headquarters (Percentage given by Participant-H) Given much autonomy to (i) streamline HR practices/processes; (ii) initiate HR related changes &amp; innovations; (iii) share HR ‘best practices’ with sister companies</td>
<td>Corporate values and missions strictly followed</td>
</tr>
</tbody>
</table>
TABLE 6.4
Localization within Parameters of Standardization (2)

<table>
<thead>
<tr>
<th>Participant</th>
<th>MNC-S</th>
<th>Standardized Elements within Localization</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>2</td>
<td>Headquarters flexible where localization necessary; but standards for technical aspects of business strictly adhered to Managers of subsidiary generally trained locally; but training programs based on headquarters’ training materials</td>
</tr>
<tr>
<td>C</td>
<td>3</td>
<td>Localization of HR practices always effected within MNC-3’s global framework</td>
</tr>
<tr>
<td>E1</td>
<td>5</td>
<td>Localization effected after consultation with HR Director at headquarters</td>
</tr>
<tr>
<td>E2</td>
<td>5</td>
<td>Subsidiary given flexibility to localize for efficiency, effectiveness and business goals; but such flexibility exercised within MNC-5’s global framework</td>
</tr>
<tr>
<td>F</td>
<td>6</td>
<td>Locally created posts must first be approved by headquarters; job design of such posts jointly created by local and corporate HR practitioners</td>
</tr>
<tr>
<td>I</td>
<td>9</td>
<td>Guidelines for recruitment of non-managerial staff can be formulated locally as and when convenient; but guidelines must not violate MNC-9’s corporate policies Appraisal system based on local contexts but draws on standard concepts formulated in headquarters</td>
</tr>
<tr>
<td>J1</td>
<td>10</td>
<td>Subsidiary adopts policies/practices appropriate for local contexts; but policies/practices always aligned with corporate value system</td>
</tr>
<tr>
<td>J2</td>
<td>10</td>
<td>Headquarters endeavors to adapt to cultures and norms in different societies but stipulates some degree of standardization</td>
</tr>
<tr>
<td>L</td>
<td>13</td>
<td>Country Manager given liberty to initiate localization but required to follow headquarters’ guidelines and inform headquarters of localization details</td>
</tr>
<tr>
<td>N</td>
<td>15</td>
<td>Greater localization where production workers are concerned; but corporate core values not compromised in localized processes</td>
</tr>
</tbody>
</table>

TABLE 6.3 shows that, although MNC-S-3 and MNC-S-8 localize their HR policies and practices to a relatively large extent, they are bound within some corporate-level standardization. In parallel to TABLE 6.3, TABLE 6.4 demonstrates that where HR policies and practices are concerned, there is always a certain degree of control from the
MNCs’ headquarters through the means of standardization: every localized HR policy or practice has a dimension of standardization. In the final analysis, localization cannot be appreciated fully without an awareness of its close interrelation with standardization.

6.4.4 Organizational Hierarchy and Localization

Based on all the participants’ responses to interview questions concerning localization, this study found that the nature and organizational level of the job have a bearing on the degree of localization. There are generally more local elements in non-managerial, non-leadership jobs (at the lower level of the organizational hierarchy) than in managerial and other leadership jobs (at the higher levels of the organizational hierarchy). Accordingly, the former are subject to less direct headquarters monitoring and less standardized requirements compared to the latter. Based on anecdotal evidence found in the participants’ words, such differentiation between standardization and localization with respect to the type and organizational level of the job is especially prominent where commonly localized HR activities are concerned.

As inferred from the anecdotal evidence, localization of some HR practices is inevitable in every MNC-S due to the disparities between the MNC-S’ local contexts and those of the MNC-S’ home country. However, these disparities do not affect different HR activities to the same degree and in the same manner at different levels of the organizational hierarchy. The more towards the top level of the organizational hierarchy, the more localization is replaced with standardization. This interrelation between the organizational hierarchy and standardization/localization is depicted in

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41 As a reiteration, ‘localization’ and ‘standardization’ in this thesis refer to ‘localization of HR policies/practices’ and ‘standardization of HR policies/practices’ respectively.
TABLE 6.5 below. By way of reiteration, this interrelation pertains to the type of job as well as the type of HR activity concerned.

### TABLE 6.5
Interrelation between Organizational Hierarchy and Standardization/Localization

<table>
<thead>
<tr>
<th>Organizational Hierarchy</th>
<th>Degree/Probability of Standardization</th>
<th>Degree/Probability of Localization</th>
</tr>
</thead>
<tbody>
<tr>
<td>↑ Higher</td>
<td>↑ Increase</td>
<td>↓ Decrease</td>
</tr>
<tr>
<td>↓ Lower</td>
<td>↓ Decrease</td>
<td>↑ Increase</td>
</tr>
</tbody>
</table>

### 6.4.5 Commonly Localized HR Activities

In connection with the above findings, there is also anecdotal evidence from the interview data that different HR activities, by nature, witness different degrees of inclination towards localization. More precisely, some HR activities are more commonly localized or localized to a greater extent than other activities in the same HR department. These commonly localized HR activities are listed in TABLE 6.6 below. (The table also lists activities in other departments that were found in this study to be commonly localized.)

### TABLE 6.6
Commonly Localized Activities in MNCs

<table>
<thead>
<tr>
<th>Commonly Localized Activities</th>
<th>HR Department</th>
<th>Other Departments</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Remuneration, Compensation &amp; Benefits</td>
<td></td>
<td>• Sales activities</td>
</tr>
<tr>
<td>• Recruitment &amp; Selection</td>
<td></td>
<td>• Marketing activities</td>
</tr>
<tr>
<td>• Training &amp; Development</td>
<td></td>
<td>(brand policies are governed by headquarters)</td>
</tr>
<tr>
<td>• Performance Appraisal</td>
<td></td>
<td>• Operations Management activities</td>
</tr>
</tbody>
</table>
Recruitment and Selection

As gathered from the interview data, much of the staff recruitment and selection activity is localized in order to conform to local employment related laws and statutory requirements. These local demands were commonly highlighted by the participants as a major deciding factor for localization of the recruitment and selection activity in HRM in MNCs. In addition, according to some participants, their MNC-S acquire talent through networking with people in other organizations – and even through poaching of talent – in the local talent market. This is arguably another form of localization of the recruitment and selection activity.

As gathered from various participants, where posts at the top and middle management levels are concerned, the recruitment and selection activity is either not localized at all or not localized fully. This is particularly true in terms of the recruitment and selection method and process, the selection criteria and the job interview format and content. For non-managerial posts, all these aspects of recruitment and selection are fully or almost fully localized, in keeping with the local requirements and norms. All this information suggests that localization of the recruitment and selection activity hinges on the nature and level of the job.

Compensation and Benefits

Most participants highlighted that the HR activity of compensation and benefits is not, and cannot be, standardized in their respective MNCs. Information gathered from the participants all points to the fact that, just like recruitment and selection, compensation and benefits is a HR activity that is always governed by local legal requirements. However, as pointed out by Participant E-1 (MNC-S-5), these HR rewards are also
determined by several other local factors, including the local economic, social and political environments; measures taken by competitor companies at the local scene; size and financial performance of the MNC-S itself; and the condition of the local talent market. Within the local talent market, these HR rewards are invariably influenced by the level of competition for talent, as well as the rates of compensation and benefits offered by the competitor companies. This is the reason why the participating MNC-S determine their HR reward packages based on the local going rates.

**Training and Development**

As gathered from various participants, much of the training and development activity in IHRM is commonly localized for three main reasons, namely to accommodate the local contexts; to cater to the needs of local talent; and to be cost effective. The last reason is particularly notable. Participant-C (MNC-S-3) and Participant-D (MNC-S-4) explained that it is more cost effective to engage local training providers and partners to conduct training locally. Apart from taking this measure, MNCs also localize the training and development activity by having senior managers at their MNC-S act as trainers to the local staff. Participant-B (MNC-S-2) was one of the participants who revealed this. According to Participant-B, first-time managers in MNC-S-2 are trained locally by the HR manager as well as senior managers from various departments of the subsidiary; all these senior managers have, however, received prior training at the corporate headquarters.

Overall, the interview data reflect a trend between the training programs in MNCs and the organizational roles for which the programs are designed: the lower the organizational role for which a training program is designed, the more elements of
competency in local contexts outweigh elements of standardized leadership in the program. Simply, between training programs for staff undertaking lower organizational roles and training programs for staff undertaking higher organizational roles, there is more localization in the former. This finding is most evidenced by the practices of MNC-S-7 and MNC-S-8, as revealed by Participant-G and Participant-H respectively. In MNC-S-7, local training programs are designed mainly for skill development of staff in lower organizational roles; for long-term career development and leadership competency of senior managers and top executives, the training programs are designed and conducted at the headquarters instead. In the case of MNC-S-8, clear differentiation is made between directorial level training and managerial level training: centrally designed programs for the former and locally designed programs for the latter.

Performance Appraisal

As evidenced by the interview data in the study, performance appraisal in MNC-S is differentiated with respect to the organizational hierarchy, similar to the way training and development is differentiated. While performance appraisal in non-global firms is also differentiated with respect to the same, in MNC-S such differentiation is slightly different in that it is integrated with the element of localization and influenced by the interrelation between the organizational hierarchy and standardization/localization. MNC-S distinctly localize more when appraising staff holding non-managerial and lower organizational responsibilities but standardize more when appraising staff undertaking managerial and higher organizational responsibilities. Despite being a commonly localized HR activity, performance appraisal is only localized as far as the nature and organizational level of the job allow. Ultimately, this is part of the larger
‘localization within parameters of standardization’ phenomenon that prevails in all IHRM activities.

Based on several participants’ comments and revelations, it is clear that the phenomenon of ‘localization within parameters of standardization’ manifests itself in more than one way in performance appraisal. Other than through the interrelation between the organizational hierarchy and standardization/localization, this phenomenon also manifests itself in the way localized performance appraisal is managed. The way MNC-S-6 manages performance appraisal is a case in point. According to Participant-F, although MNC-S-6 as an MNC subsidiary has its own performance appraisal process, any review of the process must be carried out in consultation with the HR head at the corporate headquarters. The corporate HR head is fully involved in the review and formulation of the key performance indicators (KPI) for MNC-S-6.

6.5 HR Best Practice

Throughout the series of one-hour interviews conducted in this study, only 4 out of 21 (19%) participants mentioned ‘HR best practice’. This was probably because ‘HR best practice’, which superficially suggests a sense of universality, is not a notion recognized by some international managers and HR practitioners. This notwithstanding, the four participants who mentioned HR best practice did provide pertinent insights into what HR best practice is all about in MNCs generally, and in HRM in MNCs particularly. These participants’ comments especially unveiled the significance of HR best practice in the workings of HRM in MNCs. One salient point about these insights into HR best

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42 The term ‘HR best practice’ in this chapter and the rest of the thesis refers to a single HR best practice or several HR best practices collectively. The plural form of the term is however used whenever necessary for clarity of meaning.
practice is that they do not at all entail any sense of ‘universality’. These insights will be further deliberated in Section 6.5.1 through Section 6.5.4 below.

6.5.1 Organizational Learning, Localization and HR Best Practice

Based on some participants’ revelations and comments, it was inferred in this study that organizational learning constitutes one of the main factors that lead to a high degree of decentralization from an MNC’s headquarters, and hence a high degree of localization at the MNC’s subsidiaries. As revealed by Participant-H (MNC-S-8), MNC-8 as a whole used to be very centralized; but the firm’s headquarters learned that this approach had resulted in a lack of local contexts, as well as a lack of local initiatives and innovation, in the operations of the firm’s subsidiaries. The firm’s headquarters then took the measure to increasingly decentralize its managerial functions, including HRM. Through a high-level of decentralization later on (cf. TABLE 6.3), the HR department of its subsidiary, MNC-S-8, has been able to autonomously localize its HR practices where necessary, introducing locally relevant changes and innovative approaches along the way. Over time, this has brought about not only very cordial relationships among the staff, but also a learning environment that promotes creative performance in MNC-S-8. With the autonomy it enjoys, the HR department of MNC-S-8 has further been able to learn from and share HR ‘best practice’ with the HR departments of other subsidiaries of MNC-8.

In the opinion of Participant-H (the HR Director of MNC-S-8 who related the above organizational learning experience), too much centralization and standardization deprives the managerial staff of the ‘value of the job’. Considering what Participant-H’s HR department has been able to achieve following much decentralization, ‘value of the
job’ as worded by Participant-H can be inferred to mean three things, namely (i) the capacity for learning; (ii) HR innovation43; and (iii) creative performance that all come about through adequate autonomy following decentralization.

Judging by the above information related by Participant-H, the ‘HR best practice’ spoken of by the same participant obviously refers to HR practices that are best suited to the local contexts of both MNC-S-8 and its sister companies sharing them. This implies that the HR best practice is specific only to MNC-S-8 and the sister companies concerned. This line of thinking is especially plausible considering the following perspective conveyed by Participant-H: ‘[HR best practices] do not have to be the same in all countries.’

All in all, the case of MNC-8/MNC-S-8 related above suggests three notions of HR best practice. First, HR best practice can be a product of localization and organizational learning; it is not necessarily a pre-defined formula handed down by an MNC’s headquarters or a form of MNC-wide HR best practice. It is certainly not a standard formula for a group of MNCs or all MNCs. Second, HR best practice is deemed ‘best’ practice simply because it is best suited to the local contexts of several MNC subsidiaries (within an individual MNC) sharing it or to the overall context of an individual MNC as a whole. Third, HR best practice can be specific to several MNC subsidiaries sharing it (subsidiary level HR best practice); it is not necessary that all subsidiaries of the MNC concerned share the same HR best practice (MNC-wide HR best practice).

43 ‘HR innovation’ means innovations in HR strategies and practices. It is essential if the HR system is to make a worthwhile contribution to individual employees and to organizational performance. It requires effective management of employees, employees’ knowledge and the work systems (De Cieri, Kramar, Noe, Hollenbeck, Gerhart and Wright, 2008).
6.5.2 Cross-Border/Cross-Cultural IHRM ‘Shared Affair’ and HR Best Practice

All participants in this study mentioned ‘international assignments’ or ‘overseas postings’ when discussing staff development in their respective MNCs. The participants’ revelations and viewpoints point to the crucial importance of international assignments in IHRM: international assignments are the means by which MNCs’ HR departments develop their present and future global managers. Serving as a form of development program in IHRM, international assignments enable MNCs’ global managers to learn not only about the job per se, but also about different cultures coupled with the intricacies of managing across cultures and national borders.

What Participant-N (MNC-S-15) revealed about international assignments is particularly noteworthy. In MNC-15, managers must have worked in several countries and cultures, or at least in more than one country, before they are entrusted with regional and global responsibilities in the firm. According to Participant-N, by engaging managers who are familiar with different cultures and countries in these capacities, the firm enjoys 'cross-fertilization' of cultures, knowledge and experiences that forms the basis of HR best practice. Participant-N further said: 'I am taking a lot of people around the world at certain levels in the organization to do this kind of “cross fertilization” culturally, knowledge or experience wise. We call it sharing of best practices.’ It is clear from Participant-N’s revelation that international experiences of global managers are essential for the development of HR best practice within an MNC.

Based on the above anecdotal evidence, a further notion of HR best practice – in addition to those mentioned in the preceding Section 6.5.1 – were derived in this study:
HR best practice of an MNC evolves through mutual, cross-cultural/cross-border learning among talent from different subsidiaries of the MNC. This means that HR best practice of an MNC is an outcome of the sharing and integration of cultures, knowledge, experiences and practices among the MNC’s subsidiaries in several countries. In short, HR best practice is a form of ‘shared affair’ – IHRM shared affairs – among an MNC’s subsidiaries collaborating in a cross-cultural/cross-border setting.

The above notion of HR best practice is underscored by several factors, namely networking; mutual support; cross-cultural integration; and mutual learning. These factors are all evident in the following statements of Participant-C (MNC-S-3). The participant made these statements in response to the interview question\(^\text{44}\) concerning the most crucial factor that differentiates HRM across country borders from HRM at the local level.

One [is] the network that I mentioned we had among the HR [departments] of the various [sister] companies. [This is] where we are able to share, [...] to do the benchmarking, [...] the best practices. [Also], we are able to draw various supports in whichever area that we need from each other. So it is a networking [...] to share and benchmark [...] best practices.

- Participant-C, MNC-S-3

Simply, the above statements of MNC-S-3 manifest the roles of networking, cross-cultural integration and organizational learning in the development of HR best practice in IHRM.

\(^{44}\) The question reads as follows: ‘In your opinion, what is the most crucial factor that makes management of human resources across country borders different from HRM at the local level?’
6.5.3 Organizational Hierarchy, Standardization/Localization and MNC-Wide HR Best Practice

In addition to what has been featured in Section 6.5.1 and Section 6.5.2 above, the study derived further insights into HR best practice from the following revelation of Participant-N (MNC-S-15):

*The higher you rise in the organization hierarchy, so to speak, the more standardization [and] globalization of best practices in HRM play a role. Definitely, [for] people reporting to me, for example; for them, standardization is 95%.*

- Participant-N, MNC-S-15

The phrase ‘globalization of HR best practices’ mentioned by Participant-N was interpreted in two parts in this study. First, the word ‘globalization’ was interpreted to mean ‘standardization’ implemented across an individual MNC’s subsidiaries at different parts of the world. Second, the term ‘HR best practices’ was interpreted to mean HR practices that have been identified by an MNC to be those that best fit its overall context (MNC-Wide HR Best Practice). In aggregate, the phrase ‘globalization of HR best practices’ was interpreted to mean implementation of MNC-Wide HR Best Practice at all subsidiaries of an MNC. This interpretation ties in with the understanding gathered in Section 6.5.1 and Section 6.5.2 earlier: that HR best practice is identified and developed within individual MNCs, either at the subsidiary level or the corporate level; it is shared intra-firm among subsidiaries of individual MNCs and not universally among different MNCs.

In conjunction with all the above-mentioned perspectives of HR best practice – and with special reference to Participant-N’s comments in the above transcription extract – a
further perspective of HR best practice was derived. This perspective pertains to the interrelations between the organizational hierarchy, standardization/localization and the probability of MNC-wide HR best practice:

The higher level it is in the organizational hierarchy, the higher is the degree of standardization and the higher the probability of MNC-wide HR best practice.

The lower it is in the organizational hierarchy, the higher is the degree of localization and the lower the probability of MNC-wide HR best practice.

TABLE 6.7 and TABLE 6.8 below depict the above-mentioned interrelations:

**TABLE 6.7**
Interrelation between Organizational Hierarchy and Probability of MNC-Wide HR Best Practice

<table>
<thead>
<tr>
<th>Organizational Hierarchy</th>
<th>Probability of MNC-Wide HR Best Practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>↑ Higher</td>
<td>↑ Increase</td>
</tr>
<tr>
<td>↓ Lower</td>
<td>↓ Decrease</td>
</tr>
</tbody>
</table>

**TABLE 6.8**
Interrelations between Organizational Hierarchy, Standardization/Localization and Probability of MNC-Wide HR Best Practice

<table>
<thead>
<tr>
<th>Organizational Hierarchy</th>
<th>Degree of Standardization</th>
<th>Degree of Localization</th>
<th>Probability of MNC-Wide HR Best Practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>↑ Higher</td>
<td>↑ Increase</td>
<td>↓ Decrease</td>
<td>↑ Increase</td>
</tr>
<tr>
<td>↓ Lower</td>
<td>↓ Decrease</td>
<td>↑ Increase</td>
<td>↓ Decrease</td>
</tr>
</tbody>
</table>
6.5.4 Organizational Hierarchy, Standardization/Localization, MNC-Wide HR Best Practice and Flexibility in the Workings of IHRM

It is clear from the above findings that MNC-wide HR best practice in an MNC are implemented through variable and discretionary standardization processes – and such variability and discretion are particularly prominent in the lower levels of the organizational hierarchy. This points to not only flexibility in the implementation of MNC-wide HR best practice, but also flexibility in the workings of IHRM. This perspective can be substantiated by Participant-O1’s assertion that IHRM ‘should be more about facilitating and enabling HR best practice rather than driving policies [...]’.

This assertion is part of Participant-O1’s response to the interview question\textsuperscript{45} that sought to identify the most crucial factor differentiating IHRM from HRM.

\begin{quote}
There is a sort of best practice sharing in terms of policies and procedures [...] There is a sort of international alignment as well. [...] So, international HRM should be more about facilitating and enabling best practice, rather than specifically driving policies into international organizations. And that is very different [from] other functions. [...] From a marketing perspective [...] there are international brand owners with international standards, [...] which we participate in. [...] They have ways of working which we have to follow to the letter. [...] In HR it’s more about guidance rather than about our actual instructions.

- Participant-O1, MNC-S-16
\end{quote}

The notions of ‘flexibility in the implementation of MNC-wide HR best practice’ and ‘flexibility in the workings of IHRM’ (flexibility factor in IHRM) is in effect apparent in much of the interview data pertaining to localization. The flexibility factor in IHRM

\textsuperscript{45} The question reads as follows: ‘In your opinion, what is the most crucial factor that makes management of human resources across country borders different from HRM at the local level?’
is especially perceptible when viewed in the context of the interrelations between the organizational hierarchy, standardization/localization and probability of MNC-wide HR best practice. As depicted in Table 6.9 below, the lower the position in the organizational hierarchy, the higher is the flexibility factor in IHRM.

**TABLE 6.9**

Interrelations between Organizational Hierarchy, Standardization/Localization, Probability of MNC-Wide HR Best Practice and Flexibility Factor in IHRM

<table>
<thead>
<tr>
<th>Organizational Hierarchy</th>
<th>Degree of Standardization</th>
<th>Degree of Localization</th>
<th>Probability of MNC-Wide HR Best Practice</th>
<th>Flexibility Factor in IHRM</th>
</tr>
</thead>
<tbody>
<tr>
<td>↑ Higher</td>
<td>↑ Increase</td>
<td>↓ Decrease</td>
<td>↑ Increase</td>
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</tbody>
</table>

The importance of flexibility in the overall effectiveness of IHRM is evident in much of the interview data pertaining to standardization and localization in this study. The following assertions of Participant-F (MNC-S-6), Participant-K3 (MNC-S-12) and Participant-E2 (MNC-S-5) are anecdotal evidence to this effect. Equally important, these assertions are anecdotal evidence that the factor of flexibility in the overall workings of IHRM is imperative to MNCs’ operations and is provided for by MNCs' central management.

*It is necessary for the corporate headquarters of MNCs to draw a balance between requirement for compliance with standards and encouragement for exceeding the standards and thinking out of the box.*

- Participant-F, MNC-S-6
While being confined to rules, MNC subsidiaries need sufficient latitude to do something differently, something that they think is right for the contexts of the local businesses.

- Participant-K3, MNC-S-12

The company has a management framework at the global level, but within the framework each subsidiary has the flexibility to localize based on efficiency, effectiveness and business goals. Certain things must be localized and the decisions made at the local level.

- Participant-E2, MNC-S-5

Based on the findings presented in Section 6.5.1 through this section (Section 6.5.4), this study concluded that HR best practice is effectively a major aspect of IHRM. There are three facets to this view of HR best practice. First, HR best practice is intertwined with two major process vehicles of IHRM, namely standardization and localization. Second, different HR best practices serve different IHRM purposes and different contextual needs at different levels of an MNC – at the subsidiary level, there is either HR best practice within a single subsidiary or HR best practice shared among several subsidiaries; at the corporate level, there is MNC-wide HR best practice. Third, HR best practice is a major outcome of IHRM processes, involving cross-border/cross-cultural organizational learning, talent sharing and localization.

6.6 Concluding Remarks

In unravelling the various facets and implications of standardization, localization and HR best practice in MNCs, this chapter has unfolded the pivotal roles of these three aspects of IHRM in the workings of IHRM. Such importance of standardization, localization and HR best practice resides in the fact that these aspects of IHRM support
and mediate various HR processes, as well as framing the ways various HR tools are utilized, in IHRM. In addition, while serving these roles they address the cross-cultural/cross-border contexts and global orientation of IHRM.

Given their instrumental roles in IHRM, standardization, localization and HR best practice should be recognized as three of the essentials of IHRM. Accordingly, they should be included as part of any fundamental definition or pictorial representation of IHRM. As their roles are those of supporting, mediating and framing HR processes and tools within IHRM, it is apt that they are identified as the major vehicles in the workings of IHRM and termed ‘process structures of IHRM’ in this thesis.

In serving as the essential vehicles in the workings of IHRM, standardization, localization and HR best practice effectively serve as the key mediums in the ‘HR network of shared connections’ (cf. Section 5.3.3) and ‘cross-border/cross-cultural shared affairs’ (cf. Section 6.5.2) in IHRM, and in MNC for that matter. At the core of this linkage is the intricate interaction between these three essential vehicles of IHRM. It is through such interaction that IHRM facilitates networking, mutual support, cross-cultural integration and mutual learning among the subsidiaries of an MNC. It is also through such interaction that an MNC as a whole and its subsidiaries discover and benefit from MNC-wide HR best practice and subsidiary-level HR best practice respectively. In conclusion, the interaction between standardization, localization and HR best practice at the core of the workings of IHRM is essential for the operations of MNCs.
CHAPTER 7
DISCUSSION OF FINDINGS

7.1 Introduction

The main contents of this chapter are divided into six sections. Each section discusses an area of the findings in the study: ‘IHRM as the Extended Version of HRM’ (Section 7.2); ‘Relationship Management as a Core Component of IHRM’ (Section 7.3); ‘Diversity Management as a Core Component of IHRM’ (Section 7.4); ‘Talent Management as a Core Component of IHRM’ (Section 7.5); ‘Standardization and Localization as the Process Structures of IHRM’ (Section 7.6); and ‘HR Best Practice as the Process Structure of IHRM’ (Section 7.7).

While Chapter 5 and Chapter 6 present the findings of the study and clarify the findings with some preliminary discussions, this chapter discusses the findings in greater detail. The discussions pertain to the larger contexts of IHRM, and in relation to other IHRM researchers’ perspectives and findings. Besides eliciting deep insights into IHRM topic areas that pertain to the findings of this study, the discussions serve to find the intersections between the perspectives of this study and those of other IHRM research studies. Ultimately, this chapter places the findings of the study in a clear framework to fulfil the objective of the study, which is modelling of IHRM.
7.2 IHRM as the Extended Version of HRM / HRM as the Foundation of IHRM

7.2.1 Inseparability of HRM and IHRM

In arriving at the notion of ‘IHRM as the extended version of HRM’/’HRM as the foundation of IHRM’ (Section 5.3), this thesis in effect highlights the ‘inseparability of HRM and IHRM’. These three notions unveiled in the study are consistent with some authors’ descriptions of the link between HRM and IHRM. According to Dowling et al, (2008, 2013) and Dowling and Welch (2004), in broad terms IHRM involves the same activities as domestic HRM, except for some modifications required due to diversity of workforce in the multinational context. In Briscoe and Schuler’s (2004, 2012) assertion, IHRM is essentially HRM, except that it is HRM of international nature and implications. In Scullion’s (2005, p.4) definition, ‘IHRM is the HRM issues and problems arising from the internationalisation of business, and the HRM strategies, policies and practices which firms pursue in response to internationalisation of business’.

In this study, the notion of ‘IHRM as the extended version of HRM’/’HRM as the foundation of IHRM’ was derived from two sources, namely (i) the findings on the global and strategic outlook, cross-cultural pertinence and the ‘sharing’ phenomenon of IHRM (Section 5.3.1 – Section 5.3.3) and (ii) the understanding of the link between ‘IHRM’, ‘internationalization of business’ and ‘internationalization of HRM’. As regards the latter, it was discernible from the findings that IHRM emerged due to internationalization of HRM which – in conjunction with internationalization of other business disciplines such as finance and marketing – is a consequence of internationalization of business and expansion of the global economy (Briscoe and
Schuler, 2004). In short, the notion of ‘IHRM as the extended version of HRM’, as brought to the fore in this study, is underpinned by the understanding that IHRM is the outcome of internationalization of HRM which, in turn, is the outcome of internationalization of business.

Dwelling further on IHRM in the context of internationalization of business and internationalization of HRM, it is clear that internationalization of business creates a mutually inclusive link between HRM and IHRM. This link between HRM and IHRM is such that HR managers in all forms of domestic organizations are faced with aspects of IHRM (Briscoe and Schuler, 2004, 2012); and that ‘increasingly, domestic HRM is taking on some of the flavour of IHRM as it deals more and more with a multicultural workforce’ (Dowling et al., 2008, p.3). In this connection, the Researcher agrees with Briscoe and Schuler (2004) that ‘there is no place to hide’ for HR Managers: all HR managers in all forms of organizations must understand IHRM issues and internationally focussed HR competencies.

7.2.2 Global and Strategic Outlook of IHRM

This study identified ‘global processes’, ‘heightened strategic concerns’ and ‘complex cross-cultural circumstances’ as major factors shaping the larger and more complex phenomena in IHRM compared to HRM (cf. Section 5.3). In identifying these factors, this study brought to the fore not only the global, strategic and cross-cultural outlook of IHRM, but also the fact that such outlook is at the core of the difference between HRM and IHRM. This outcome of the study provides some idea as to how the following concern raised by Dowling et al. (2008, p.2) can be addressed:
Before we can offer a definition of international HRM, we should first define the general field of HRM. Typically, HRM refers to those activities undertaken by an organization to effectively utilize its human resources [...] The question is of course which activities change when HRM goes international.

Given the global, strategic and cross-cultural outlook of IHRM, as well as the mutually inclusive link between HRM and IHRM, it can be asserted that when HRM turns international to become IHRM, HR activities ‘change’ in that they are ‘modified’ and ‘expanded’ to cater for the challenges arising from globalization and internationalization of business. In this change process, HRM takes on a more global, heightened strategic and heightened cross-cultural orientation: it strategically deploys diverse people from across cultures, harnessing the strengths of these people across international borders.

As further elaboration of the above-mentioned change process drawing on the findings of this study, IHRM policies and practices are strategically oriented, driven by the strategic goals and activities of the MNC; conversely, such strategic orientation of IHRM has a major bearing on the fulfilment of the goals of the MNC. In this sense, IHRM can be viewed as an integral part of strategic IHRM (SIHRM) (cf. Schuler et al., 1993). Added to the plausibility of this view is the fact that SIHRM and IHRM are identified as interrelated fields of research (cf. Chew and Horwitz, 2004). Meanwhile, the growing emphasis on research into SIHRM (De Cieri and Dowling, 1997) can be noted as a testament to the significance of the strategic orientation of IHRM.

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46 According to Dowling, Festing and Engle (2008, 2013), these activities include at least the following: human resource planning; staffing (recruitment, selection & placement); performance management; training and development; compensation (remuneration) and benefits; and industrial relations.

47 SIHRM is ‘human resource management issues, functions, and policies and practices that result from the strategic activities of multinational enterprises and that impact the international concerns and goals of those enterprises’ (Schuler, Dowling and De Cieri, 1993, p.422).
7.2.3 Cross-cultural Pertinence of IHRM

As evidenced by the findings of this study, the overall orientation of IHRM is one that combines not only global and strategic focuses but also cross-cultural focus. The strategic and global focuses of IHRM in deploying culturally diverse people, and harnessing the strengths of these people across international borders, will not be complete without an integral cross-cultural focus. Drawing on the findings of the study, it is clear that an integral cross-cultural focus in IHRM entails the imperative to promote, facilitate and manage cross-cultural competency and adaptability across international borders. In a broader vein, this also entails the imperative to manage cross-cultural circumstances in relation to diversity and human relationships in the MNC concerned. On balance, the findings of this study point to the fact that cross-cultural pertinence of IHRM is not limited to addressing cross-cultural circumstances using appropriate HR tools and processes; it also entails effectual integration of cross-cultural management, diversity management and relationship management.

In identifying ‘cross-cultural pertinence of IHRM’ (cf. Section 5.3.2.) as one of the major themes associated with the notion of ‘IHRM as the extended version of HRM’, the Researcher was cognizant of two points. The first is the major cross-cultural role of IHRM in managing people across international borders against the smaller cross-cultural role of HRM in managing people within a single organization, in a single country. The second point revolves around HRM as an American invention with underlying North American cultural influences (for example, influences from North American social, political and economic factors). Given that IHRM operates across cultures and international borders, it is certainly of a cultural orientation that includes but beyond that of HRM.
7.2.4 HR Network of Shared Connections in IHRM

As derived in this study (cf. Section 5.3.3), shared HR elements and activities – termed individually as ‘shared HR factors’ and collectively as a ‘HR network of shared connections’ in this thesis – are at the centre of the workings of IHRM. In precise terms, the ‘HR network of shared connections’ is identified in this study as a fundamental of IHRM as well as a crucial instrument for the global operations of MNCs. This understanding can be appreciated in relation to Bartlett and Ghoshal’s (1998) assertion that an MNC’s globally dispersed units\(^48\) (subsidiaries) need to be coordinated or integrated in some form and to some degree. It is palpable that, in order to be coordinated or integrated, an MNC’s subsidiaries are necessarily connected, especially through shared HR elements and activities. In other words, the subsidiaries of the MNC necessarily operate within a HR network of shared connections, in order to collaborate with one another, and to be administered under the umbrella business setup of the MNC.

The above-mentioned state of affairs is where the HR network of shared connections serves as a medium that harnesses the strengths of the MNC’s human resources across cultures and national borders. It is through this network that the MNC builds and maintains a set of interconnected HR instruments, thereby capitalizing on its human resources as a bundle of assets and a source of sustained competitive advantage in its target markets. These processes of IHRM are in line with the resource-based view of HRM (cf. Boxall and Purcell, 2003; Sheehan, Holland and De Cieri, 2006) but effected across cultures and national borders. Ultimately, it is arguable that without the HR network of shared connections, HRM cannot be extended to assume an international role as IHRM.

\(^{48}\) While subsidiaries of MNCs are often referred to as MNC ‘branches’, Bartlett and Goshal (1998) and some other authors refer to them as MNC ‘units’.
As evidenced by the deliberations in the preceding paragraph, the HR network of shared connections is a collective IHRM instrument that is of great strategic significance to MNCs. This point is also discernible from some authors’ mention of ‘linkages’ between MNC subsidiaries in their discussion of SIHRM. Schuler et al. (1993), for example, highlight in their discussion of SIHRM that one of the major strategic concerns of MNCs is whether MNCs can, and how they can, create linkages between their globally-dispersed subsidiaries through human resource policies and practices. Meanwhile, according to Phatak (1992) and Hennart (1982), ‘interunit linkages’ (hereafter called ‘inter-subsidiary linkages’) are one of the two major strategic components of MNCs that give rise to and influence SIHRM (the other component being the internal operations of the MNCs).

In their discussion of SIHRM, Schuler et al. (1993) highlight that ‘inter-subsidiary linkages’ have been a traditional focal point for discussion of IHRM (cf. Bartlett and Ghoshal, 1998; Phatak, 1992; Pucik, 1988; Pucik and Katz, 1986). ‘Inter-subsidiary linkages’ as discussed by the authors is comparable to the ‘HR network of shared connections’ identified in this study. While unveiling the pivotal roles of the corporate value system, corporate culture and corporate policies in bonding individual MNCs’ subsidiaries (cf. Section 6.3.1), findings in this study suggest that these bonding structures underpin and are in turn facilitated by the HR network of shared connections in IHRM. In this connection, Schuler et al. (1993) are notable for their discussion that links ‘human resource philosophy’, ‘HR policies’ and ‘specific SIHRM practices’ with ‘inter-subsidiary linkages’.

According to Schuler et al. (1993), human resource philosophy – which basically shapes
the corporate value system and corporate culture – has a top-down impact on an MNC’s HR policies and practices. As further gathered from the authors, an MNC will always develop common HR policies coupled with specific SIHRM practices that tie in with these common policies, all guided by the MNC’s human resource philosophy. Through the development of these common HR policies and specific practices, the MNC establishes inter-subsidiary linkages among its subsidiaries. The key objective of these inter-subsidiary linkages, in the words of Schuler et al. (1993, p.429), ‘appears to be balancing the needs of variety (diversity), coordination, and control for purposes of global competitiveness, flexibility and organizational learning’. What can be generally inferred from the assertions of Schuler et al. is this: IHRM with its HR network of shared connections is a strategic management function with a top-down bearing on an MNC’s operations.

Deliberations in the preceding paragraphs reaffirm the plausibility of the concept of ‘HR network of shared connections’ formed in this study. Identified and presented in this thesis as one of the features that make up the ‘extension’ between HRM and IHRM (cf. Section 5.3.3), the HR network of shared connections provides the human resource linkages between the subsidiaries of an MNC; without this network there would be no way for the MNC to manage its human resources across cultures and national borders. This notion concerning the inter-subsidiary linkages is not new, considering that these linkages have previously been highlighted by some authors as a strategic component of the operations of an MNC, and as a traditional focal point for discussion of IHRM (cf. the three preceding paragraphs). However, by conceptualizing these linkages as a network consisting of shared HR elements and activities, this thesis has effectively introduced a framework by which to better appreciate the pivotal role of these linkages
in the workings of IHRM.

In addition to reaffirming the plausibility of the concept of ‘HR network of shared connections’ in IHRM, deliberations in the earlier paragraphs have brought to the fore deeper meanings of this concept. Placed in the larger scheme of things, and based on the various findings presented in Chapter 5 and Chapter 6, the pertinence of the concept is beyond both a framework for appreciating the fundamental workings of IHRM and conceptualization of IHRM. The concept is also pertinent in terms of how inter-subsidiary HR linkages enable IHRM to effect crucial organizational outcomes for an MNC. Firstly, the inter-subsidiary HR linkages enable IHRM to bring together diversity and talent from across cultures and national borders for global competitiveness of the MNC concerned, managing relationships of diverse people in the process (cf. Section 5.4; Section 5.5 and Section 5.6). Secondly, the inter-subsidiary HR linkages enable IHRM to strike a balance between standardization (for control and coordination) and localization (for adaptation to local cultural and institutional contexts), for effective operations of the MNC across cultures and national borders (cf. Section 6.4.1; Section 6.4.2 and Section 6.4.3). Thirdly, the inter-subsidiary HR linkages enable IHRM to facilitate inter-subsidiary organizational learning, thereby identifying HR best practice that befits individual subsidiaries of the MNC (cf. Section 6.5.1).

In conclusion, the concept of ‘HR network of shared connections’ in IHRM entails two levels of understanding and is necessarily appreciated as such. The first level of understanding concerns the fact that the major activities of IHRM take place within the linkages of various HR elements and processes (HR linkages). The second level of understanding concerns how the major activities of IHRM take place within the HR
linkages and the strategic implications of these IHRM activities to the MNC concerned.

### 7.3 Relationship Management as a Core Component of IHRM

As reflected in the findings presented in Section 5.4 of this thesis, human relationships are at the centre of life and operations of MNCs. In more elaborate terms, the findings show that MNCs are perpetually confronted with issues pertaining to human relationships; and these issues are inextricably linked to issues pertaining to diversity and cultural differences. This phenomenon emanates from the complex nexus of human relationships among people from diverse cultures and backgrounds in MNCs. The inevitability of this phenomenon in MNCs, as evidenced by the findings of this study, indicate the central importance of managing human relationships in IHRM. It is on this basis that the Researcher identifies relationship management as a core component of IHRM. The Researcher would further substantiate this notion by stressing that good human relationships are a precursor to good coordination and cooperation among people in any organization, more so in MNCs with all the diversity confronting them. Simply, as Lengnick-Hall and Lengnick-Hall (2003a) put it, ‘work gets done through relationships’.

In identifying relationship management as a core component of IHRM, the Researcher is cognizant of the fact that relationships among diverse people in MNCs have been directly and indirectly managed by the management of MNCs all along. As highlighted as part of the findings in Section 5.4.2, international managers of MNCs endeavour to be open-minded, as well as cross-culturally receptive and adaptable, when dealing with diverse people; they also engage in two-way communication and adopt flexible leadership styles when dealing with different people. At the organization level, MNCs
create organizational cultures that promote openness, trust, fairness and equity in order to foster good relationships among their employees. These approaches on the part of the international managers and central management of MNCs are essentially endeavours to manage human relationships in the MNCs.

Nevertheless, based on the interview data of this study, the above-mentioned endeavours appear to be narrowly conceived on two counts. Firstly, as pointed out by the participating managers, leadership styles are individual matters. Secondly, relationship management appears to be carried out in isolated and random manners in the participating MNCs; there was no evidence of a well-structured relationship management framework in any of the participating MNCs. It is thus the proposition of this thesis that the efforts of managing human relationships be consolidated and clearly integrated into MNCs’ HRM domain (IHRM).

Furthermore, given the interconnectedness of human relationships and diversity in MNCs as unveiled in this study – where the latter encompasses at least diversity of ethnicity, culture, religion and national origin – it is maintained in this thesis that relationship management in IHRM is necessarily administered in conjunction with diversity management. This is about directing the diversity and nexus of human relationships within an individual MNC towards the firm’s competitive advantage and business sustainability. This is also about managing the rare, valuable, inimitable and non-substitutable attributes of the individual firm’s human resources (cf. resource-based view of HRM) as ingrained within the nexus of diverse human relationships in the firm. Lengnick-Hall and Lengnick-Hall (2006) would lend support to the above assertion on the interconnectedness between diversity management and relationship management.
The authors argue that success of international business operations depends on how the organizations apply as well as direct their diversity and social capital, the latter of which refers to the actual and potential resources that are embedded within and available through the network of relationships in organizations (cf. Nahapiet and Ghoshal, 1998). Vance and Paik (2006) can also be cited here for making connections between human relationships and diversity in MNCs. The authors assert that MNCs’ global leaders must be able to cultivate quality relationships so as to take advantage of the diversity in their organizations. The authors are also notable for identifying relationship management as one of the three competency clusters – besides business acumen and personal effectiveness – required of effective global leaders in MNCs.

The pivotal role of relationship management in IHRM is also implicit in Lengnick-Hall and Lengnick-Hall’s (2003a, 2006) assertions. According to Lengnick-Hall and Lengnick-Hall (2006, p.486), ‘effective international human resource management must be as concerned with creating and directing a firm’s social capital as it is with creating and guiding its human capital’. Lengnick-Hall and Lengnick-Hall (2003a) note that reorienting the role of IHRM toward relationship building and formation of social capital enables human resources to contribute directly to an MNC’s competitive advantage. On the whole, Lengnick-Hall and Lengnick-Hall (2003a) note the role of IHRM in harnessing social capital as the shared resource by which an MNC fulfils its operational needs and derives various organizational benefits.
In identifying relationship management as a core component of IHRM, the Researcher in effect draws attention to some simple ideas about behavioural management and organizational theory, particularly the concept of ‘organizations as social systems’. According to Hodgetts (1980), modern behavioural management is believed to have originated from the Hawthorne Studies. These studies were carried out as scientific management experiments in the early 1920s following a period of scientific management movement. The outcome of the studies led management researchers to conclude that organizations are social systems. As Hodgetts (1980, p. 15) explains:

 [...] organizations [are] not just formal structures in which subordinates [report] to superiors; they [are] social networks in which people [interact], [seek] acceptance from and [give] approval to fellow workers, and [find] enjoyment not only in the work but also in the social exchange that [occurs] while doing the work. [...] [In] the second phase of the Hawthorne studies [...] the increases in [production output] were achieved not by scientific management practices [...] but by socio-psychological phenomenon (the structuring of social networks in which the [workers] became friendly with one another).

The notion of ‘relationship management as a core component IHRM’ can also be appreciated in terms of the pertinence of relationship management to the overall management of a firm. As asserted by Hugh-Jones (1958, p.x), operationally, any theory of management must seek not only to relieve tensions and reconcile interests between people, but also to ‘harmonize goals and thus provide the maximum of self-realization both for individuals and for groups’ in the organization. Furthermore, according to Hugh-Jones, the level of success in achieving a sound pattern of relations within management is ‘the ultimate test of management and, even, the condition of its material success’ (p.x).
The pertinence of relationship management to HRM has been directly highlighted by Lengnick-Hall and Lengnick-Hall (2003a). The authors note that traditionally HRM has had responsibility in managing relationships, except that this responsibility has been narrowly conceived and often implicit rather than explicit. While in reference to HRM, this assertion by implication applies to IHRM as well. As evidenced by the interview data in this study, IHRM has the role of managing relationships among diverse people in MNCs; however, there is no evidence from the interview data that this role is well conceived and clearly spelt out. Within this reality, the findings of this study suggest that the importance of well-structured relationship management in IHRM cannot be over-emphasized.

As gathered from the interview data of this study, relationship management in IHRM is closely interconnected with diversity management and talent management. In this regard, Beechler and Woodward (2009) are notable for their emphasis of ‘extensive relationship management’ in their discussion of talent management. According to the authors, in facing up to the increasingly challenging demands in the complex business environment – especially knowledge-driven industry transformations and cultural changes within businesses and in individuals – there is a need to put in place ‘extensive’ relationship management; and this is to be effected alongside new HR development, new career processes, extensive leadership skills and higher cognitive capabilities. Adding to this assertion, Beechler and Woodward (2009, p.282) stress: ‘There is a much wider diversity in culture, gender, working generations and modes of employment than ever before. These can be sources of advantage to be leveraged or conflict to be managed.’ These assertions of Beechler and Woodward are food for thought in making connections between relationship management, diversity management and talent
management in IHRM.

7.4 Diversity Management as a Core Component of IHRM

The findings presented in Section 5.5 of this thesis reflect workforce diversity (diversity) as a major theme in MNCs, hence a significant aspect of IHRM. The significance of diversity in IHRM is evident from two facets of the findings, namely (i) the scale and inevitability of diversity in MNCs; and (ii) the serious attention and importance MNCs give to diversity of their human resource pool. First, as much as MNCs define ‘diversity’ broadly, they are factually confronted with very diverse people – people of all sorts of background and orientation from across cultures and national borders. There is no way for MNCs to avoid dealing with diversity of such a spectrum. Second, MNCs put in place corporate value systems as well as carefully-structured HR tools and processes that promote inclusiveness, equality and cohesion among their diverse employees. Moreover, they incorporate diversity policies and initiatives in their corporate strategic plans. All these aspects of the findings are indicative of the central importance of diversity management in IHRM.

The scale and inevitability of diversity in the human resource pools of individual MNCs is a phenomenon emanated from the contemporary global business environment. Hence the significance of diversity management in IHRM is necessarily appreciated in the context of this environment. The global business environment has witnessed a dramatic increase in the scale of workforce diversity as a result of the following factors: globalization; rapid internationalization of business activities; liberalization of international commerce; development of information technologies; and increased mobility of people, especially those with education and skills that are essential in
today’s global economy (cf. Briscoe, Schuler and Claus, 2009; Mor Barak, 2005). The workforce in today’s global economy consists of not only people from all racial, ethnic and national origins (Friedman, 2005) but also groups that in the past were not active in the labour market (Briscoe et al., 2009). There are also many different categories of international employees, as well as many different international staffing options that MNCs employ to address several problems associated with the employment of expatriates (Briscoe et al., 2009). Generally, as Shen, Chandra, D’Netto and Monga (2009) put it, diversity has increasingly become a ‘hot button’ issue in the corporate arena; and hence there is every reason to stress the significance of diversity management in HRM, more so in IHRM.

The significance of diversity management in IHRM can also be appreciated in terms of how MNCs benefit from diversity. As gathered from the findings of this study, diversity in an MNC brings together not only the talent, skills, capabilities and various other strengths of diverse people, but also the diverse ideas and perspectives of these people. If managed appropriately, these elements of diversity will bring innovations and various other productive inputs into the MNC’s business. This in turn will translate into competitive advantage and sustainability for the business. These perspectives from the findings of the study are in line with those in the following statement of the Society for Human Resource Management (2002): ‘[E]mployees from varied backgrounds can bring different perspectives, ideas and solutions, as well as devise new products and

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49 Briscoe, Schuler and Claus (2009) list the following as international staffing options: domestic internationalists; international commuters; permanent cadre or globalists; stealth assignees; boomerangs; just-in-time expatriates; outsourced employees; virtual international expatriates; reward or punishment assignees, etc.

50 Some of the problems with employment of expatriates are as follows: (i) mistakes in the choice of international assignees (IA); (ii) high cost of international assignments; (iii) difficulty in providing adequate training and support for IA and their families; (iv) problems with adjustment to foreign situations on the part of IA and their families; (v) too frequent failure of international assignments; (vi) problems with managing repatriates; (vii) local countries’ desire for hiring local employees/managers; and (viii) growing suspicion that local hires may perform better (Briscoe, Schuler and Claus, 2009).
services, challenge accepted views and generate a dynamic synergy that may yield new niches for business opportunity.’ The Researcher therefore concurs conclusively with Thompson (1997) that the premise of managing diversity is the recognition of diversity and differences among employees as positive attributes of an organisation, rather than as problems to be solved. Overall, it is conclusive from the findings of the study that the appropriate and well-structured diversity management in IHRM yields positive outcomes\(^\text{51}\) for MNCs.

Further to the above conclusion, significance of diversity management in IHRM can also be appreciated in terms of the process by which diversity is managed in MNCs and the challenges entailed in this process. As evidenced by the findings presented in Section 5.5.3 of this thesis, instituting standards and structures for the fulfilment of diversity principles is one thing; the actual process of dealing with diversity in situational and local contexts is another thing. The findings indicate the latter to be highly complex and challenging; and that ‘the key to diversity does not lie so much in its existence, but rather in knowing how to manage it’, as Mor Barak (2005, p. 121) puts it. This is especially true given that the process of managing diversity is confronted with challenges not only at the organization level, but also at the level of individual managers.

At the level of individual managers, the findings of this study unveil the imperative for international managers to deploy cross-cultural skills and flexible leadership styles in

\(^{51}\) Some of the positive outcomes of effective diversity management for MNCs are as follows: (i) improved managerial decisions; (ii) innovative ideas; (iii) improved solutions to organizational problems; (iv) improved outcomes of brainstorming tasks; (v) more cooperative behavior among employees; (vi) better utilization of employees’ skills and potential; (vii) easier access to changing, increasingly diverse markets; and (viii) improved corporate image (cf. Canas and Sondak, 2008; De Anca and Vazauez, 2007; De Cieri, Kramar, Noe, Hollenbeck, Gerhart and Wright, 2008).
addressing the challenges concerned. At the organization level, the findings are in accord with Thomas’ (1990) assertion that corporate competence is of paramount importance to managing diversity. Furthermore, it is evident from the findings that diversity ‘becomes an exciting business opportunity [for an MNC] only when it is managed effectively at all levels of the organization’ (Canas and Sondak’s, 2008, p.4). The overall understanding derived from the findings, therefore, is that in order to reap the benefits of diversity, an MNC necessarily manages diversity organization-wide, through strategic means that are integrated with a well-structured diversity management framework – and this framework is necessarily governed by the larger people management function of IHRM.

Diversity management in IHRM is clearly a highly strategic managerial activity that aims at macro, bottom-line organizational outcome for MNCs. There are two important views to appreciating this strategic position of diversity management in IHRM. First, while human resources as a source of competitive advantage for an organization can be built and maintained through a set of connected HR policies/practices that are substantiated with organizational commitment (resource-based view of HRM), in IHRM practiced within an MNC, such HR policies and practices should in turn be linked – at the global level – with the MNC’s other managerial and organizational processes, including those pertaining to managing diversity across cultures and national borders. Simply, where diversity management in IHRM (HRM in MNCs) is concerned, it is essential to employ a set of mutually inclusive diversity and HR imperatives that interlink, at the global level, with other managerial and organizational processes of the MNC concerned. This is vital for diversity within the MNC to be effectively driven towards achieving the anticipated organizational performance outcome. The second
important view to appreciating the strategic position of diversity management in IHRM is that, given the pivotal roles of diversity and diversity management in MNCs, diversity policies and initiatives in IHRM should be treated like any other aspects of business investment in MNCs (cf. Harvey and Allard, 2005).

The above deliberations point to the plausibility of the notion of ‘diversity management as a core component of IHRM’ presented in this thesis. However, reaffirmation of this notion will not be complete without a mention of ‘intra-subsidiary diversity management’ and ‘inter-subsidiary diversity management’. This study unfolded the inextricable link between these two levels of diversity management and relationship management in MNCs. In particular, it unfolded the fact that management of human relationships in MNCs entails different demands of managing diversity. Generally, between intra-subsidiary diversity management and inter-subsidiary diversity management, the former entails more direct handling of human relationship issues, while the latter macro solutions and strategies pertaining to these issues.

In the final analysis, while diversity management in IHRM is a highly strategic managerial activity aimed at macro, bottom-line organizational outcome for an MNC, at the micro level, the roles and outcome of this activity are closely intertwined with the management of human relationships. On the whole, diversity, differences due to diversity, and the complex human relationship issues arising from these differences, are inextricably linked matters that are addressed concurrently in diversity management in IHRM. In this connection, there is every reason for this thesis to reiterate the interconnectedness between diversity management and relationship management in IHRM.
7.5 Talent Management as a Core Component of IHRM

Talent management generally emerged within global firms only in the past 10 years or so, as a strategic response to shortage of international managerial talent (Scullion and Collings, 2006; Thorne and Pellant, 2007). Against this backdrop, the findings of this study (cf. Section 5.6) unveil the fact that activities relating to management of talent now constitute the bulk of activities in MNCs. Moreover, the findings suggest that such activities are an indispensable facet of every MNC’s business hence the workings of IHRM.

While there is varied understanding among researchers about what constitutes talent management (McDonnell, Lamare, Gunningle and Lavelle, 2009), this thesis adopts the following definitions of talent management: (i) ‘a matter of anticipating the need for human capital and then setting out a plan to meet it’ (Cappelli, 2008); and (ii) ‘additional management processes and opportunities that are made available to people in the organization who are considered talent’ (Blass, 2007). Based on the findings of this study, the Researcher would add that talent management is ‘all HR strategies, initiatives and practices that are administered in an integrated manner to attract, develop and retain the best people for the right jobs, at the right time, and at the right places in the organization, in relation to the global business environment’. This definition places talent management in the global context as well as the specific context of managing talent in MNCs. In this definition, the ‘best people’ refers to ‘the best talent that is accessible to any MNC in the global talent market’; while ‘the right places’ refers to ‘the right departments and right subsidiaries of the MNC’.

Intrinsic to the Researcher’s definition of talent management is the general
understanding of ‘talent’ derived in this study: that talent is ‘the best people that an
MNC is able to attract, select, develop and retain against the keen competition for talent
at the global level’. This understanding of ‘talent’ was largely derived from the
participants’ emphasis that MNCs need to attract, select, develop and retain the best
people amid a global ‘war for talent’. Further understanding of ‘talent’ in the study was
based on the phenomena of ‘talent sharing’ and ‘HR best practice as a product of
organizational learning’ unfolded in the study – where the former phenomenon refers to
‘sharing of expertise, knowledge, views and experiences among talent from various
subsidiaries of the MNC’; and the latter phenomenon ‘evolvement of HR best practice
through mutual cross-cultural, cross-border learning among talent from different
subsidiaries of the MNC’.

Based on the two phenomena mentioned above, the meaning of ‘talent’ in an MNC was
taken in this study to include ‘specialist functional staffs that are instrumental in the
firm’s organizational learning and core competence’ (cf. Heinen and O’Neill, 2004;
McDonnel et al., 2009). Taking into consideration findings of this study pertaining to
‘global succession planning’ and the ‘maintenance of global talent pool’ in MNCs, the
above meaning of ‘talent’ in an MNC can be further expanded to include ‘high-potential
and high-performing employees whom the firm considers as its next generation of
leaders’ (cf. Collings and Mellahi, 2009; McDonnel et al., 2009).

Apart from clarifying the meanings of talent and talent management in the context of
MNCs, discussions in the two preceding paragraphs affirm the significance as well as
the strategic and instrumental roles of talent management in MNCs. This in turn
reaffirms the plausibility of the notion of ‘talent management as a core component of
IHRM’ conceptualized in this study. This notion can be further appreciated in the context of ‘global talent management’ (GTM).

Global talent management has emerged as a challenge – as well as a key strategic issue – confronting the top management of MNCs, amid MNCs’ increasing efforts to coordinate their talent pipelines on a global basis (cf. Farndale, Scullion and Sparrow, 2009; Scullion, Caligiuri and Collings, 2008). In Collings and Scullion’s (2008, p. 102) definition, GTM is ‘the strategic integration of resourcing and development at the international level which involves the proactive identification and development and strategic deployment of high-performing and high-potential strategic employees on a global scale’. Based on the findings of this study, the Researcher would add ‘retention of talent’ and ‘talent sharing across cultures and national borders’ as further dimensions to Collings and Scullion’s definition of GTM. The essence of such understanding of GTM is evident from the talent management activities in the participating MNCs of this study.

The notion of ‘talent management as the core component of IHRM’ can also be appreciated in the context of the ‘talent sharing’ phenomenon within every MNC. As derived in this study, talent sharing is a major facet of every MNC’s operations hence IHRM. Indeed, talent sharing is a major facet of IHRM – transpired, manifested and managed through HR activities in the MNC. Without maintaining a shared talent pool among its globally dispersed subsidiaries, the MNC arguably cannot manage its talent across the subsidiaries, let alone reaping the best benefits from the talent.

International assignments, which featured prominently in the participants’ discussions
of IHRM, were unveiled in this study as a major vehicle for mutual knowledge sharing between talent from different subsidiaries of individual MNCs. By extension, international assignments were identified in this study as a major vehicle for mutual talent sharing and organizational learning between the subsidiaries of every MNC. However, this is only one facet of the crucial role of international assignments in MNCs. The findings in this study indicate that, in being a major vehicle for talent sharing in an MNC, international assignments also serve as a vehicle for global leadership development (cf. Brewster et al., 2005; Mendenhall, Black, Jensen and Gregesen, 2003) in the MNC concerned. This understanding derived in the study is in line with the outcome of some other studies where international assignments have been found to be global firms’ single most powerful means to develop their global leaders (cf., Jensen and Gregesen, 2003).

The role of international assignments as a major vehicle for developing global leaders in MNCs is underscored by two facts. First, global leadership competencies are achievable only through real global experiences (Mendenhall et al., 2003). It takes the global talent who have acquired – through international assignments – global mindset, cross-cultural competencies and global experiences to lead the way in developing and implementing MNCs’ global strategies for business success. Second, there is a talent development imperative in MNCs that stems from scarcity of talent. It is imperative for MNCs to develop their respective global talent, as scarcity of global talent in the talent market often constraints their implementation of global strategies (Evans, Pucik and Barsoux, 2002; Farndale et al., 2009; Scullion and Collings, 2006).

As gathered from the findings of this study, MNCs use international assignments
coupled with various other training and development programs to establish and maintain their individual talent pools. The findings show that the talent pool is of central importance to every MNC as it serves three major purposes in the MNC: (i) it is a reservoir that supplies the necessary talent to the MNC’s headquarters and subsidiaries; (ii) it is the medium for talent sharing among the MNC’s globally dispersed subsidiaries; and (iii) it is the conduit through which the MNC harnesses the capacities and strengths of its talent across cultures and national borders. Therefore, the imperative for every MNC to establish and maintain a talent pool for its global business success cannot be over-emphasized. This imperative has been highlighted by some authors. Collings and Mellahi (2009), for example, assert that firms must develop high-potential and high-performing people to fill up key positions that are significant to their sustainable competitive advantages.

When an MNC develops its talent pool and deploys incumbents from the pool to fill up key positions in the organization, it is not merely capitalizing on its talent for competitive advantage and business sustainability; it is also providing these employees opportunities for skill development and prospects for career advancement. The latter is effectively an effort within the MNC’s HRM function (IHRM) to retain talent while continuing to attract talent in the global ‘war for talent’. As highlighted by participants in this study, both the opportunities for skill development and prospects for career advancement are as important as lucrative compensation and benefit packages in attracting and retaining talent.

Findings presented in Section 5.6.2 of this thesis unfold the fact that talent retention is addressed in tandem with talent development in the management of talent in MNCs. As
evidenced by the findings, talent retention caters for not only talent succession, but also contingency needs for talent in MNCs. Equally important, talent retention caters for MNCs’ need ‘to have the right talent at the right place, and at the right time’, a condition Tarique and Schuler (2009) term as ‘talent positioning’\(^{52}\). It is palpable that without maintaining a pool of retained talent, all efforts of succession planning, contingency planning and talent positioning in an MNC will not bear the anticipated outcome; and the impact of scarcity of talent on the MNC will be immense. In sum, the efforts to retain talent are just as pivotal as the efforts to attract and develop talent in every MNC’s ongoing global ‘war’ for talent. Indeed, all findings concerning talent management within IHRM in this study suggest that every MNC’s ‘war’ for talent hinges on the integration of all processes of attracting, developing and retaining talent.

Intended for having the right talent at the right place and at the right time within the MNC, the integrated processes of attracting, developing and retaining talent are arguably a contextually based and innovative task. This line of understanding is plausible considering the following assertion of Tarique and Schuler (2009, p. 6):

> Due in part to the existence of many drivers of the [...] challenges for GTM, there are many possible IHRM activities that MNEs [(multinational enterprises)] can consider as actions or tools to address the many challenges. Matching the possible action with an accurate diagnosis of an MNE’s talent management situation is a first step in gaining and sustaining a global competitive advantage that may result from the successful implementation of the correct action.

\(^{52}\) Tarique and Schuler (2009, p.7) use the term ‘talent positioning’ to refer to ‘having the right talent at the right place at the right time with the needed competencies and motivation at all levels and all locations of the [MNCs]’. According to Guthridge et al. (2008) and Lane and pollner (2008), fulfilling these conditions of talent positioning is one of the outcomes of successful global talent management.
Drawing on the above deliberations, it is clear that talent management in IHRM entails more than instruments and processes for attracting, developing and retaining talent. It is imperative that these talent management instruments and processes be integrated with other HR strategies and approaches that befit the specific organizational and contextual needs of the MNC concerned. In addition, the HR strategies and approaches employed are necessarily those that create global-level competitive advantage and sustainability for the MNC. Such strategic orientation of talent management with respect to the MNC’s business success is clearly in line with that of relationship management and diversity management as deliberated in Section 7.3 and Section 7.4 respectively. At this juncture, it is pertinent to stress that talent management, relationship management and diversity management jointly serve the strategic operations of IHRM and hence the strategic objectives of an MNC, as evidenced by the findings of this study. The crux of the matter is that the talent, relationships and diversity of people in an MNC are inextricably-linked elements; and so they are necessarily managed as integrated parts in IHRM for the benefit of the MNC.

7.6 Standardization and Localization\(^{53}\) as Process Structures of IHRM

The notion of ‘standardization and localization as process structures of IHRM’ revolves around two crucial roles of standardization and localization in IHRM unfolded in the study. Firstly, standardization and localization are the support and bridge between various HR processes, as well as the determinants of various HR tools in IHRM. Secondly, standardization and localization are crucial vehicles for cross-cultural, cross-border or, simply, global workings of IHRM. Without standardization and localization –

\(^{53}\) As a reiteration, ‘standardization’/‘localization’ in this thesis refers to standardization/localization of HR policies and practices.
between an MNC’s subsidiaries as well as between these subsidiaries and the MNC’s headquarters – there is virtually no ‘shared HRM’ within the MNC that makes up IHRM.

As unfolded in this study, MNCs adopt standardization for consistency of their respective corporate identities, cultures and policies. Consistency in these regards in turn enables MNCs to achieve the following conditions between their respective subsidiaries: coordination, alignment, clarity and efficiency in HR processes; equitable treatment of employees from diverse backgrounds (which leads to employees’ trust in the firm); and leadership that is in line with the corporate culture and value system. These dimensions of the findings expand the view of standardization beyond the most commonly highlighted view, which posits that standardization is a means for MNCs’ headquarters to exert control over their overseas subsidiaries, and to have coordination with and between these subsidiaries (cf. Bartlett and Ghoshal, 1998; Martinez and Jarrilo, 1989; Rosenzweig, 2006). It is for all the benefits of standardization that the following information is noteworthy:

> With companies becoming more global, two thirds of multinational companies have adopted a HR strategy that is consistent across offices worldwide [...]. A recent Watson Wyatt survey found that more than half (56 per cent) plan to shift to a more centralized structure over the next two years, up from 42 per cent in 2004 [... ...]. Additionally, 80 per cent of companies are developing clear global policies, and 64 per cent are implementing consistent global tools, processes and technology to strengthen governance procedures for total rewards design and administration around the world.

(De Cieri et al., 2008, p. 27)
Despite the benefits of standardization to MNCs, the combined standardization-localization approach was found in this study to be inevitable in IHRM. Anecdotal evidence in this study points to the fact that, while maintaining and standardizing as far as possible HR policies and practices of the parent company, an MNC’s subsidiaries cannot avoid responding to a variety of local institutional and cultural factors in the host countries: they do have to localize some of their parent company’s HR policies and practices in the host countries. Then again, anecdotal evidence in the study also shows that within this combined standardization-localization approach in IHRM, there is a phenomenon of ‘localization within parameters of standardization’.

In connection with what is mentioned in the preceding paragraph, this study in effect unfolded a persistent dichotomy within HRM in MNCs (IHRM). On the one hand, HRM is viewed by MNCs as the binding force of their globally dispersed subsidiaries amid globalization (Pudelko and Harzing, 2007); on the other hand, transfer of HR practices from the headquarters to the subsidiaries of MNCs is limited by the national cultures and institutional characteristics of the host countries. Again, on the one hand, HRM is often seen as one of the management functions the practices of which are least likely to converge (to be standardized) across countries and most likely to diverge (to be localized) (Pudelko and Harzing, 2007; Rosenzweig, 2006); on the other hand, the localization process entailed in HRM in MNCs is always bound within the parameters of standardization.

The above-mentioned dichotomy represents an ongoing ‘standardization versus localization’ issue in IHRM. There is a strong demand for standardization in IHRM, as the corporate headquarters of an MNC normally seeks to uphold the corporate culture,
central control and organization-wide consistency across the firm’s subsidiaries through HR means. However, this demand is contradicted by the demand for localization in IHRM as, among other means, the firm’s subsidiaries necessarily adapt to the local contexts of host countries through HR means. Meanwhile, globalization persistently adds to the demand for standardization and heightens the opposing force to the demand for localization. As alluded to by the participants in this study and highlighted before by some authors (e.g. Bae and Rowley, 2001; De Cieri et al., 2008), globalization has generally influenced MNCs to orientate towards global integration and converge in terms of their management policies and practices.

Summing up the deliberations in the preceding paragraphs, it is clear that the contradictory demand between standardization and localization is a major challenge confronting IHRM, exacerbated by the impact of globalization. Nevertheless, alongside this ‘standardization versus localization’ issue, a combined standardization-localization framework is crucial for practical IHRM and, as Rosenzweig (2006) points out, highly useful for theoretical understanding of IHRM. In theoretical sense, this framework entails conceptualizing HR strategies and practices through considering ‘how far to behave like the headquarters and/or follow any available international standards and norms’ against ‘how far to behave like the local firms and fulfil the local conditions’.

Administering IHRM within a combined standardization-localization framework is in tandem with some authors’ suggestion that HR policies and practices in MNCs should be conceptualized based on a global integration-local responsiveness framework (cf. Lindholm et al., 1999). In taking the combined standardization-localization approach, IHRM practitioners essentially work on balancing out the competing demands between
global integration and local responsiveness in facing up to the challenges of globalization (cf. De Cieri et al., 2008). In other words, in taking the combined standardization-localization approach, IHRM practitioners work towards a dynamic balance between globalization and localization, in line with the transnational status of the MNCs (cf. Bartlett and Ghoshal, 1998). The imperative for IHRM practitioners in MNCs to fulfil this role has been highlighted by Mendenhall et al. (2003). The authors assert that the ability to balance global integration and local responsiveness is one of the most critical capabilities required of leaders of global corporations.

The question of ‘standardization versus localization’ – and by implication the issue of ‘balance between standardization and localization’ – in IHRM is essentially part of the larger ‘integration-responsiveness’ framework around which MNCs formulate their strategies (cf. Schuler et al., 1993). This whole ‘standardization versus localization’ matter is even one of the major concerns of prospective MNCs when they first decide on their global strategies (cf. Briscoe et al., 2009). Basically, the combined standardization-localization framework is significant not only to the workings of IHRM, but also to the operations of international business in MNCs.

This study did not include specific assessment of the degrees of standardization and localization in the participating MNCs. However, it uncovered three variables – namely ‘organizational hierarchy of the job’, ‘type/nature of the job’ and ‘the HR activity concerned’ – which generally determine the inclination of different HR practices to each of standardization and localization. This finding on differential inclination of different HR practices to standardization/localization parallel some authors’ assertions. Bartlett

54 Aside from the ‘standardization and local adaptation’ concern, other necessary concerns pinpointed by Briscoe, Schuler and Claus (2009) pertain to the following: country selection; global staffing; recruitment and selection; and compensation.
and Ghoshal (1998), Myloni et al. (2004) and Rosenzweig (2006) in aggregate, for example, highlight that of the different HR practices in MNCs, some are more inclined to localization as they are more susceptible than others to pressure for local adaptation. With regard to ‘organizational hierarchy’ as one of the variables determining the differential inclination of different HR practices to local adaptation in particular, it is pertinent to note Rosenzweig’s (2006, p.41) assertion: that ‘[…] from a normative standpoint, forging policies that take into account organizational level may be wise’.

7.7 HR Best Practice as Process Structure of IHRM

One salient finding of this study, to borrow one participant’s words, is that ‘HR best practices do not have to be the same in all countries’. There are two dimensions to this finding. First, for any HR activity within an individual MNC, it is not necessary that all subsidiaries of the MNC converge on a way that may be considered the ‘best’ at the headquarters or some of the subsidiaries. In other words, for any particular HR activity, MNC-wide HR best practice is not an invariable occurrence. Second, ‘universal HR best practice’ may not exist and is a questionable concept. Indeed, all the findings in this study (especially those presented in Section 6.5 of this thesis) do not indicate any notion of ‘one best way’ for any particular HR activity, whether it is at the level of individual MNCs or universally.

Without evidence of ‘one best way’, the findings in this study do not support the ‘best practice’ model, which posits that all global firms face similar challenges in the global marketplace and must therefore adopt identical best practices to improve performance.55

55The assumption of the ‘best practice model’ is that, under globalization, internationalization and universalism, all global firms face similar challenges in the marketplaces; and they must thus adopt similar solutions to their problems. With HRM being increasingly linked to firm performance over the
(cf. Paauwe and Farndale, 2006; Stahl and Bjorkman, 2006). Instead, the findings suggest that any deliberation of HR best practice necessarily includes an evaluation of the plausibility of the ‘universal HR best practice’ notion. This is in line with the assertion of Von Glinow et al. (2002) that in dwelling on whether there are universal best practices or purely context-specific practices, it is imperative to consider a number of contextual, cultural and organizational variables (collectively referred to as ‘contextual factors’ hereafter).

As witnessed in the findings of this study, sharing of HR best practice between several sister companies is different from sharing of so-called ‘universal HR best practice’, if any. Unlike the latter which is said to be ‘universal’, the former is ‘intra-MNC’ and ‘firm-specific’. This means that in sharing of HR best practice between several sister companies, HR best practice is identified from within a particular MNC and is specific to the MNC’s subsidiaries sharing it. This notion of ‘intra-MNC’ and ‘firm-specific’ HR best practice, and what it entails, is explicable through the following assertion of Taylor et al. (1996): within individual MNCs, there is not only ‘internal exportation’ of HR policies and practices, but also identification and subsequent transfer of ‘the best’ HR policies and practices. Referring to this as ‘integrative approach to internal transfer of HR policies and practices’ within individual MNCs, Taylor et al. stress that HR best practice transfer can take place between subsidiaries of the MNC or between the MNC’s corporate headquarters and subsidiaries. These two levels of ‘intra-MNC’ and ‘firm-specific’ HR best practice identified by the authors are comparable with ‘HR best practice shared between an MNC’s subsidiaries’ and ‘MNC-wide HR best practice’ identified in this study.

past decade or so, some proponents of the ‘HR best practice model’ posit that there is one best way to conduct certain HR processes to achieve maximum firm performance (cf. Paauwe and Farndale, 2006; Stahl and Bjorkman, 2006).
As derived in this study, HR best practice shared between an MNC’s subsidiaries (intra-MNC HR best practice) is both a product of organizational learning and a product of localization. Intra-MNC HR best practice as a product of organizational learning comes about through the sharing and integration of cultures, knowledge and experiences among the subsidiaries of the MNC concerned. Meanwhile, intra-MNC HR best practice as a product of localization comes about when the subsidiaries concerned adapt the headquarters’ HR practice(s) for the host countries’ contexts, in a manner that best fits these local contexts. In this case, the subsidiaries concerned have some shared contexts, that is, their host countries share some similarities culturally, socially and/or economically.

HR best practice as a product of organizational learning is practically a product of intra-MNC knowledge sharing and knowledge transfer. Intra-MNC knowledge sharing is a critical driver of the MNC’s performance (cf. Bartlett and Ghoshal, 1998; Moore and Birkinshaw, 1998). Intra-MNC knowledge transfer, which is an integral part of intra-MNC knowledge sharing, enables the MNC to create global solutions (Lagerstrom and Anderson, 2003), to economically translate the firm’s existing body of knowledge or memory (Cross and Baird, 2000) and to upgrade the firm’s subsidiaries (Kogut and Zander, 1993). Nevertheless, knowledge sharing and knowledge transfer do not take place in a vacuum but within cultures and contexts. By extension, the same is true of organizational learning, and hence of HR best practice as a product of organizational learning. The latter is evidenced by the findings of this study that suggest that HR best practice can only be context-specific: it is context-specific in that it can be identified as well as applicable only within specific contexts.
The findings on the contextual specificity of HR best practice can be further appreciated through the following perspective given by Dinur et al. (2009): contextual factors have a substantial bearing on the development and utilization of knowledge, hence on best practice transfer, in MNCs. In a research study into critical factors influencing the success of intra-firm, cross-border knowledge transfer, the authors obtained findings that suggest that critical contextual dissimilarity inhibits best practice transfer. Based on these findings, the authors argue that best practices as a subset of organizational knowledge are embedded within contextual elements. This argument of the authors is underpinned by the notion that ‘every organizational practice, routine or piece of information is embedded within [the organization’s] unique context’ (Dinur et al., 2009, p. 432).

Contextual factors have a strong bearing not only on HR best practice shared between the subsidiaries of an MNC, but also on the MNC-wide HR best practice. As evidenced by the findings of this study, viable MNC-wide HR best practice is effectuated through a variable and discretionary standardization process; and this across-the-board standardization process is substantially determined by contextual factors, aside from the organizational hierarchy. For HR activities where local contextual factors necessitate localization, however, MNC-wide HR best practice is non-existent. On the whole, contextual factors have a strong bearing on standardization and localization of HR policies and practices; and this in turn translates into a strong bearing on the probability of MNC-wider HR best practice.

As unfolded in the findings of this study, besides contextual factors, organizational hierarchy also has a strong bearing on the probability of MNC-wide HR best practice.
The lower it is in the organizational hierarchy of the MNC, the lower the probability of MNC-wide HR best practice; and the higher the flexibility in the implementation of standardization (that is, the higher the leeway for not implementing standardization). The reverse is true for ascending levels of the organizational hierarchy: the higher it is in the organizational hierarchy of the MNC, the higher the probability of MNC-wide HR best practice, and the lower the flexibility in the implementation of standardization (that is, the lower the leeway for not implementing standardization). It can therefore be concluded that MNC-wide HR best practice is largely a phenomenon at the upper levels of the organizational hierarchy of an MNC.

All in all, the findings of this study indicate that standardization, localization and HR best practice are closely interrelated in serving as the major vehicles in the workings of IHRM. Within these links, HR best practice is shaped by the interplay of standardization, localization, numerous contextual factors and the organizational hierarchy. As such, an examination of the interrelations and interactions between these few elements are arguably necessary in any deliberation of HR best practice in IHRM.

The overall conclusion of this study concerning HR best practice in IHRM is in accord with the assertion of Von Glinow et al. (2002): that there is simply no universal best practice but context-specific best practice. This is especially plausible given that various aspects of IHRM are highly responsive to cultural and contextual factors, as evidenced by the findings of this study and as pointed out by Tayeb (2006), for example. Based on this overall conclusion coupled with the deliberations underpinning the conclusion, it is only appropriate that the understanding of HR best practice in IHRM be placed within a ‘context-specific’ view rather than the view of the ‘universalistic model’. This requires
that HR best practice be understood from the perspectives of ‘individual MNCs’ and ‘individual MNC subsidiaries’ rather than the perspective of MNCs in general.

A context-specific view of HR best practice in IHRM is in tandem with ‘contextually based human resource framework for multinational organizations’ suggested by Paauwe and Farndale (2006). Paauwe and Farndale argue that when constructing the link between HRM and firm performance in multinational organizations, a contingency framework based on contextual considerations is more convincing than a universalistic framework. The authors stress as follows:

*Contexts are so varied that it is difficult to see how multinational organizations are able to, and want to, implement exactly the same HRM processes in exactly the same way in all their subsidiaries around the world, hoping to generate the same kind of firm performance gains.*

(Paauwe and Farndale, 2006, p. 102)

Alluding to the pivotal role of HRM in firm performance, Paauwe and Farndale (2006) further argue that, in order to optimize the link between HRM and firm performance, multinational organizations must determine their individual ‘best fit’ models. The findings of this study on HR best practice as both a product of organizational learning and a product of localization are in agreement with the above argument of Paauwe and Farndale. So are the findings on the strong bearing that contextual factors have on HR best practice. This perceived parallel between the findings and Paauwe and Farndale’s argument on ‘best fit’ model resides with the following understanding derived from the study: veritable HR best practice is HR practice that best fits a specific firm (the MNC as a whole or a MNC subsidiary) concerned; this is because it is identified through organizational learning and/or localization, substantiated by ample consideration of the
contextual factors confronting the firm. Ultimately, it is conclusive that in identifying HR best practice for an MNC, IHRM practitioners are essentially identifying HR practice that best fits the MNC.

7.8 Concluding Remarks

Based on the discussions in this chapter, two conclusions can be made of the findings of the study and the various IHRM notions derived from the findings. First, a large part of these findings and notions are consistent with the perspectives of IHRM conveyed by existing researchers in the field. Second, these findings and notions cover considerable ground and aspects of IHRM. These two conclusions point to the depth and substance of the findings. By extension, the findings and the various IHRM notions derived from the findings are adequate and viable for the purposes of modelling IHRM.

Besides the reflection of the findings of the study, another significant dimension of this chapter is the approach to the discussions coupled with the emphases and considerations underscoring the discussions. A holistic and open approach was employed to discussing the findings and IHRM notions derived from the findings. This approach was chosen based on two intertwined reasons namely (i) the objective of the study to formulate a generic, holistic, comprehensive and practice-relevant conceptual model of IHRM; and (ii) the lesson obtained from the literature review that theory building in IHRM should be based on multiple perspectives, with a view towards comprehensiveness and practice-relevance (cf. Section 2.3.4). In conjunction with this holistic and open approach, equal emphases were given to micro-level and macro-level IHRM phenomena in the discussions. In addition, the strategic focus and context-dependence nature of IHRM were given major consideration. Amid these emphases and
considerations, the discussions in the entire chapter were placed within the context of globalization and various globalization phenomena. On the whole, the discussions in this chapter cover the essential topic areas and key concerns pertaining to IHRM theory building (as identified in Section 2.3.4). The understanding of IHRM inherent in the discussions constitutes a good foundation for the development of a conceptual model of IHRM.
CHAPTER 8
CONCLUSION

8.1 Introduction

This chapter generally consists of two parts. The first part (Section 8.2) presents a three-dimensional IHRM conceptual model derived from the findings of the study. The second part (Section 8.3, Section 8.4 and Section 8.5) presents the salient points as well as concluding thoughts about the study and the thesis as a whole. Specifically, Section 8.3 features contributions of the study and significant aspects of the thesis. Section 8.4 is about limitations of the study. The last section of the chapter, Section 8.5, looks at implications of the outcome of the study for future research in IHRM.

8.2 Ultimate Outcome of the Study: Conceptual Model of IHRM

8.2.1 Overall Attributes of the Model

Drawing on the findings\textsuperscript{56} presented in Chapter 5 and Chapter 6 coupled with deliberation of the findings in Chapter 7, the study arrived at the IHRM conceptual model as shown in FIGURE 8.1A and FIGURE 8.1B. This model features what was derived in this study to be the fundamentals, core components and major process structures of IHRM. In terms of attributes, this model is integrative, generic, holistic and practice-relevant.

The model is integrative on three counts. Firstly, it integrates theoretical perspectives with practical perspectives, embodying both the conceptual and functional dimensions of IHRM. Secondly, it integrates micro perspectives with macro perspectives, taking

\textsuperscript{56} In this chapter the word ‘findings’ refers to the findings in the study coupled with further insights derived from the findings.
account of micro-level as well as macro-level variables and phenomena. Thirdly, it integrates local perspectives with global perspectives, placing IHRM in the contexts of individual MNC subsidiaries as well as the context of an MNC as a whole and as a global firm.

The model is generic as it addresses IHRM comprehensively without confining its view to any particular IHRM research strand. As the outcome of an interdisciplinary and inclusive approach to researching IHRM, the model is holistic. It is holistic in that it addresses the entirety and the overall workings rather than isolated issues or topic areas of IHRM. In this regard, the model takes cognizance of the invariable influence of a spectrum of internal and external environmental factors on the activities and orientation of IHRM. The model is also practice-relevant. Its practice-relevance emanates from the following sources: (i) the model is based on the findings of field research into IHRM in real-life contexts; (ii) all components of the model revolve around practical contexts of IHRM; and (iii) the model embodies what was concluded in the study as the crucial ingredients and process structures of IHRM.
FIGURE 8.1A
A Three-Dimensional Conceptual Model of IHRM: Horizontal Dimensions of IHRM
FIGURE 8.1B
A Three-Dimensional Conceptual Model of IHRM: Horizontal and Vertical Dimensions of IHRM
8.2.2 Major Features and Concepts of the Model

Within an integrative, generic and holistic framework, this IHRM model is generally characterized by three features, namely (i) continuum and interconnectedness; (ii) infinite number of variables and variations; and (iii) three-dimensional view.

Continuum and Interconnectedness

The model depicts all parts of IHRM as a continuum. The continuum denotes interconnectedness of all parts of IHRM — including the ‘HR network of shared connections’ with its shared HR factors that is conceptualized in this thesis. ‘Shared HR factors’ in this thesis refer to any shared HR tools, policies, practices, processes and procedures between the subsidiaries of an MNC. The ‘HR network of shared connections’ is the medium through which an MNC manages and harnesses the strengths of its human resources across cultures and national borders. Without the HR network of shared connections – bonded mainly by the MNC’s corporate policies and value system – subsidiaries of the MNC are unable to have commonalities and a shared identity. Again, without the HR network of shared connections, HRM cannot assume its international role and operate as IHRM in the MNC’s multinational setting. The HR network of shared connections is therefore the footing of the global outlook of IHRM.

There are no boundaries between ‘relationship management’, ‘diversity management’ and ‘talent management’ in the model. This denotes interconnectedness between these three core components of IHRM and all other HR components and activities in between. It is appreciated in this thesis that every MNC is shaped by the diversity of its workforce. As such, it is propounded in this thesis that diversity management must be placed at the centre of IHRM, together with and be integrated with relationship
management and talent management. This is to ensure that the talent and relationships of the diverse people, who make up the human resource pool, are managed towards competitive advantage, sustainability and ultimate business growth of the MNC.

HRM is depicted in the model to be contained within IHRM. There is also no distinct boundary that rigidly separates HRM from IHRM in the model. These two features of the model denote the notions of ‘HRM as the foundation of IHRM’, ‘IHRM as the extended version of HRM’ and ‘inseparability of HRM and IHRM’ brought to the fore in the study. As the foundation of IHRM, HRM is an integral part of IHRM that invariably takes on aspects of IHRM: HRM is confronted with and must address, to a certain extent, the same volatile global business environment and globalization phenomena as IHRM does. On the other hand, as the extended version of HRM, IHRM deals with more extensive diversity, more complex human relationships, larger pool of talent, larger phenomena, as well as more demanding global-level strategic concerns, compared to HRM. IHRM also entails a host of shared HR factors in cross-cultural, cross-national border circumstances.

**Infinite Number of Variables and Variations**

The external environment engulfing IHRM is denoted by numerous dots in the model. The numerous dots represent two facets of IHRM, namely (i) an infinite number of variables in the external environment that are influential in IHRM; and (ii) an infinite number of ways IHRM is influenced by the infinite number of variables in the external environment. These external environment variables comprise those at the global, regional and country (home country and host country) levels. In parallel with economic, financial and political variables at the global, regional and country levels, there are
institutional, social and cultural variables at the country level that pose even more immediate influence on IHRM.

In concise terms, IHRM is faced with an infinite number and a random combination of external variables at the global, regional and country levels. In conjunction with these external variables, internal variables from the internal environment of an MNC (variables at the organization level) are equally, if not more, influential in IHRM. All the external and internal variables contribute to variations in IHRM policies and practices – including variations in the manner and extent these policies and practices are standardized and localized, hence the ways standardization and localization are combined in IHRM.

As derived in this study, where standardization and localization of HR policies and practices are concerned in IHRM, there are three particularly influential variables at the organization level, namely (i) organizational hierarchy of the job; (ii) type/nature of the job; and (iii) the HR activity concerned. Besides standardization and localization, HR ‘best practice’ is another aspect of IHRM that is strongly influenced by these three organization-level variables. As concluded in the study, HR best practice is firm-specific and highly context-dependent. In addition, it is simultaneously or separately a product of localization and a product of organizational learning. All these intertwined elements of organizational variables, standardization and localization jointly lead to an infinite number of variations in HR best practice.

HR best practice is a ‘product of localization’ as MNC subsidiaries adapt the parent company’s HR practices to best fit the cultures and contexts of their respective host
countries. In this sense, HR best practice is ‘HR best practice for an individual MNC subsidiary’ or ‘HR best practice shared between several MNC subsidiaries’. The same HR best practice is also a ‘product of organizational learning’: it is a product of organizational learning for an individual MNC as a whole, an individual MNC subsidiary or several MNC subsidiaries sharing the HR practice concerned. For an individual MNC or an individual MNC subsidiary, HR best practice comes about through the firm’s individual learning endeavours and experiences. In the case involving several MNC subsidiaries, HR best practice comes about through sharing and integration of cultures, knowledge and experiences among the MNC subsidiaries concerned. On the whole, HR best practice is part of the learning process of individual MNCs and individual MNC subsidiaries.

Where the strategic roles of HRM in MNCs are concerned, HR ‘best practice’ is identified more precisely as HR ‘best fit’ in this thesis. It is ‘best fit’ in that it is best suited to the external and internal contexts, as well as the strategic objectives, of a particular MNC as a whole or a particular MNC subsidiary. HR best fit is recognized in this thesis as part of the strategic solutions to issues pertaining to competitive advantages and overall performance of the firm concerned.

To arrive at the HR best fit for a particular firm, consideration of the external context – consisting of global-, regional- and country-level variables – is necessarily balanced with consideration of the internal context consisting of organization-level variables. There should also be a balance between standardization and localization of HR policies and practices. An infinite number of external and internal variables are therefore influential in this process of identifying the HR best fit. Accordingly, there are infinite
variations in the HR policies and practices that potentially make up the HR best fit for a particular MNC or MNC subsidiary.

**Three-Dimensional View**

Given the multi-faceted nature and complexity of IHRM, the Researcher believes an adequate IHRM conceptual model should at least be three-dimensional in form. In addition to two horizontal dimensions, a vertical dimension is at least useful to demonstrate the relationship between the organizational hierarchy and aspects of IHRM. In the IHRM model advanced in this thesis (FIGURE 8.1, Section 8.2.1), the horizontal dimensions feature the fundamentals and core components of IHRM, as well as the internal and external environments engulfing IHRM. The vertical dimension features the process structures of IHRM comprising standardization, localization and HR best practice.

As explicated in the earlier chapters of this thesis, the process structures are the vehicles that enable the workings of IHRM. They support and mediate various HR processes, as well as determine the ways various HR tools are utilized. They serve as the bridge between an MNC’s headquarters and subsidiaries, and between the subsidiaries. They are effectively the link between the cross-border, cross-cultural contexts in which IHRM operates.

The process structures of IHRM are denoted by cones and inverted cones in the vertical dimension of the model. They closely interrelate with the organizational hierarchy and accordingly, the types and nature of the jobs along the hierarchy of the organization. There are one cone and three inverted cones denoting localization, standardization and
two different dimensions of HR best practice: (i) inverted Cone-A denotes standardization; (ii) Cone-B denotes localization; (iii) inverted Cone-C denotes probability of MNC-wide HR best practice; (iv) Cone-D denotes flexibility in the implementation of MNC-wide HR best practice (that is, leeway for not implementing MNC-wide standardization). These cones and inverted cones encapsulate the interrelations between the organizational hierarchy and standardization/localization/HR best practice as shown in TABLE 8.1.

TABLE 8.1
Interrelations between Organizational Hierarchy and Standardization/Localization, Probability of MNC-Wide HR Best Practice and Flexibility in the Implementation of MNC-Wide HR Best Practice

<table>
<thead>
<tr>
<th>Organizational Hierarchy</th>
<th>Degree/Probability of Standardization</th>
<th>Degree/Probability of Localization</th>
<th>Probability of MNC-wide HR Best Practice</th>
<th>Flexibility in Implementation of MNC-wide HR Best Practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>↑ Higher</td>
<td>↑ Increase</td>
<td>↓ Decrease</td>
<td>↑ Increase</td>
<td>↓ Decrease</td>
</tr>
<tr>
<td>↓ Lower</td>
<td>↓ Decrease</td>
<td>↑ Increase</td>
<td>↓ Decrease</td>
<td>↑ Increase</td>
</tr>
</tbody>
</table>

8.3 Contributions of the Study and Highlights of the Thesis

8.3.1 Theory Building in IHRM

Amid the growing importance of IHRM as a scholarly field and the lack of a clear definition of IHRM, theory building in IHRM would benefit from a generic, holistic, comprehensive and integrative conceptual model of IHRM. Where conceptualization of IHRM is concerned, so far the approach of IHRM researchers has been to verbally

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57 This is as far as the concept or definition of IHRM as both a professional practice and a field of scholarly enquiry is concerned.
describe, scientifically define, and rigidly deliberate within specific IHRM research strands and topic areas. This study took an alternative approach. It extensively explored the fundamentals of IHRM and conceptually denoted IHRM through a three-dimensional model.

The model cannot claim to be a full representation of IHRM. However, it presents a fundamental and holistic view of IHRM from which further perspectives of this managerial function can be developed. The model also sets the footing for the development of three-dimensional conceptual models of IHRM. In general, through the model this study advocates innovative approach to understanding and defining IHRM. It also highlights the need for and viability of conceptualizing IHRM using a generic and holistic approach.

While this study drew on data concerning ‘HRM in MNCs’ (one of the IHRM research strands), the findings suggest that any studies of HRM in MNCs cannot be exempted from examining issues pertaining to ‘cross-cultural management’ (another IHRM research strand). More precisely, the findings suggest that prevalence of cross-cultural issues in the organizational life of MNCs is such that ‘HRM in MNCs’ is inseparable from ‘cross-cultural management’. The findings of this study thus reflect the value of the existing endeavours (which started in recent years) within the ‘HRM in MNCs’ research strand to define IHRM beyond a narrow context (Keating and Thompson, 2004; Tayeb, 2005). Such endeavours indicate the need for holistic view and practice-relevance in any plausible IHRM definition. After all, defining IHRM is part of IHRM theory building; and ‘theories of HRM in MNCs [are intended] to comprehensively understand how MNCs organize the HR function and manage their worldwide
workforce [in practice] in order to achieve their organizational goals and objectives’ (Keating and Thompson, 2004, p.597).

8.3.2 IHRM in Practice

The IHRM model advanced in this thesis was not designed to provide solutions to complex problems facing practical IHRM (and IHRM practitioners for that matter). Nevertheless, the model directly pertains to practical IHRM on three counts. Firstly, the model was produced based on the reality of HRM in MNCs: it drew on data collected from field research into HRM in MNCs. Secondly, the model embodies the functional mechanism of IHRM: the vertical dimension of the model depicts the major process vehicles of IHRM. Thirdly, the model describes the processes and practicalities of IHRM: it depicts the interrelations and interactions between various practical aspects of IHRM. In essence, the model presents IHRM not merely as a functional system but also as a process. This indicates the practice-relevance of the model. However, the practice-relevance of the model is to be appreciated in conjunction with the propositions and assertions underpinning the development of the model in this thesis.

In identifying relationship management, diversity management and talent management as the three major components of IHRM, this thesis essentially pinpoints these three managerial activities as the umbrella HR activities around which all other IHRM activities and processes should revolve. Equally important, this thesis recognizes these three managerial activities as interrelated HR activities with major joint effects on IHRM. Accordingly, it is proposed in this thesis that these three managerial activities be administered as integrated components in IHRM.

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38 This is also referred to in this chapter as the ‘integrative IHRM schema’ advanced in the thesis.
The above-mentioned idea is effectively a proposition for human relationships, diversity and talent in MNCs to be centrally, strategically and jointly addressed in IHRM. This proposition is underpinned by two lines of understanding. Firstly, human relationships, diversity and talent are at the centre of life and operations of every MNC, given that an MNC is a very complex social network, shaped by very diverse people who collectively make up the firm’s talent pool. Secondly, the social capital (the actual and potential resources that are embedded within and available through the network of human relationships), diversity and talent constitute an MNC’s unique sources of competitive advantage that must be leveraged through IHRM. Overall, in integrating relationship management, diversity management and talent management, the integrative IHRM schema presented in this thesis advances two main points, namely (i) IHRM is to achieve competitive advantage and business sustainability for an MNC through harnessing the social capital, diversity and talent available in the MNC; and (ii) IHRM is to have relationship management, diversity management and talent management consolidated and administered within a defined and systematic framework.

With an established role within a defined framework, relationship management would be better conceived in IHRM than is currently the case. IHRM can thus be envisaged to be purposefully oriented towards building people relationships and social capital within individual MNCs. Management of social capital would thereby be given equal emphasis as management of human capital in IHRM. With this orientation, an MNC would be viewed not merely as a work system for fulfilling business objectives, but largely as a social system where the relationships and socio-psychological dimensions of people are fundamental to fulfilling the business objectives.
While diversity management and talent management are generally better conceived than relationship management in MNCs, the integrative IHRM schema propounded in this thesis advances the imperative to have these two managerial activities strategically positioned within IHRM, in conjunction with talent management. This means, first of all, giving diversity initiatives and talent retention initiatives equal importance as other aspects of business investments. This also means managing diversity and talent closely in tandem with the challenges emanating from increasing workforce diversity and talent scarcity in the global business environment. Under this integrative IHRM schema, there would be close collaborative efforts between the HR department and the central management of the MNC. These efforts would place the MNC’s corporate policies, value system and HR tools in line with the latest global trends in relation to workforce and human capital. The MNC’s HR department would be motivated to ensure that all processes of attracting, developing and retaining talent from diverse backgrounds are well integrated into the talent management and diversity management activities within IHRM – and that the ‘war’ for talent is made an ongoing IHRM process throughout the career of the talent with the firm.

Within the integrative IHRM schema, relationship management, diversity management and talent management serve not only to address HR issues pertaining to human relationships, diversity and talent, but also as decidedly strategic HR activities within IHRM. All the measures taken in these three managerial processes should be strategic enough to create bottom-line, positive organizational outcomes. In specific terms, the following overall outcomes are anticipated: (i) relationship management that is geared towards achieving harmonious working relationships hence good coordination and close co-operations among staff at all levels of the firm; (ii) diversity management that is
geared towards internalizing multiculturalism in the fabric of the firm; and (iii) talent management that is geared towards effective maintenance and sharing of the talent pool of the firm across cultures and national borders.

In general, the IHRM schema propounded in this thesis is a pointer to not only the structure but also the process of IHRM. It draws attention to the dissimilarity between putting in place HR standards and implementing these standards in real-life contexts of MNCs. As regards the latter, the schema emphasizes three points, namely (i) the considerable effects of the global, local, organizational and situational contexts on IHRM processes; (ii) IHRM processes as learning processes for individual MNCs, IHRM practitioners as well as all talent in MNCs; and (iii) the irrelevance and non-existence of universal HR best practice. Point (iii) is effectively the epitome of points (i) and (ii). It represents the fact that any HR best practice is necessarily firm-specific: it is specific to an individual MNC as a whole, to an individual MNC subsidiary or to several MNC subsidiaries with some shared contexts. Being firm-specific, HR best practice entails a combination of contextual considerations and organizational learning outcomes that best fit the firm concerned.

In conjunction with the three points highlighted in the preceding paragraph, the IHRM schema propounded in this thesis identifies standardization and localization of HR policies and practices (standardization and localization) as imperative vehicles in the workings of IHRM. Standardization is imperative in IHRM for the following reasons: consistency in the corporate identity, culture and policies; coordination and alignment in administration between the corporate headquarters and the subsidiaries as well as between the subsidiaries; clarity and efficiency in administrative and managerial
processes; equitable treatment of employees across the board; and leadership that is congruent with the corporate culture and value system. Localization is as crucial as standardization in the workings of IHRM. This imperative in IHRM stems from the fact that it is crucial for MNCs to respond to a variety of local institutional and cultural factors at their subsidiaries. Without localization, the local contexts affecting human resources in MNC subsidiaries cannot be effectively addressed in IHRM. In sum, standardization and localization play different but equally pivotal roles in the cross-border, cross-cultural workings of IHRM.

While highlighting standardization and localization as equally essential vehicles in the processes of IHRM, the IHRM schema propounded in this study brings to the fore a dichotomy of demand on every MNC that is addressed through IHRM. On the one hand, there is a demand for the MNC’s headquarters to uphold the corporate culture, corporate central control and MNC-wide consistency through standardization. On the other hand, there is a demand for the MNC’s subsidiaries to respond positively to local contexts through localization. In addressing this dichotomy, IHRM necessarily maintains a dynamic balance between global integration/standardization and local responsiveness/localization. This is a major challenge confronting IHRM practitioners and other global leaders of MNCs.

On the whole, the IHRM schema propounded in this thesis – coupled with the propositions and elaborations underpinning the schema – highlights the practice of IHRM as highly complex, challenging and context-dependent. It points to contextual relevance as an imperative condition in the workings of the major process vehicles of IHRM. In turn, this means that the processes in IHRM necessarily befit the various
contextual realities facing the MNC concerned. In essence, the IHRM model advanced in this thesis conceptualizes IHRM as a process of identifying 'HR best fit'. The latter refers to the best fit between the ‘HR policies and practices shaping IHRM practiced within an MNC’ and the ‘unique contexts of the MNC’. The model effectively equates HR ‘best practice’ in IHRM to HR ‘best fit’; it contains no notion whatsoever of ‘best HR standards’ or ‘universal HR best practices’.

8.4 Limitations of the Study

8.4.1 Limitations in the Final Outcome of the Study

Revolving around the intent of contributing to conceptual understanding of IHRM, this study could however only endeavour to be as holistic and practice-relevant as possible in the IHRM conceptual model it produced. The model cannot claim to be depicting and representing all aspects of IHRM. Neither can the model claim to be projecting all IHRM issues that have been discussed in this thesis.

While it was not part of the objective of the study to provide an absolute definition of IHRM, the above-mentioned limitation of the model is generally inevitable. This limitation inevitably stems from the following factors: (i) limitations of the study in terms of the samples and data obtained (Section 8.4.2) and the research design (Section 8.4.3); (ii) the multifarious facets and intricacies of IHRM (which have been repeatedly highlighted in the earlier chapters of this thesis); (iii) the infinite number of variables in the internal and external environments of MNCs that must be addressed in IHRM; and (iv) the volatility, complexity and interactions of the variables in the global business environment that influence IHRM.
8.4.2 Limitations in the Samples and Data Obtained

There were limitations in this study in terms of representativeness of the samples and breadth of the data obtained. These limitations are attributable to two aspects of the data collection in the study: (i) the data collection was carried out in only one country; and (ii) the data were collected using self-selection sampling. As data collection was carried out in only one country, the MNC-participant sample obtained consisted of MNC subsidiaries based in one country only. With self-selection sampling meanwhile, the Researcher had no control over the composition of both the MNC-participant sample and executive-participant sample: it was not possible for the Researcher to ensure that the samples complied perfectly with the sampling criteria and statistical plan set out in the design of the study (cf. TABLE 4.1 and TABLE 4.3, Section 4.2). Basically, representativeness of the samples and breadth of the data hinged on the composition and number of the willing participants.

Despite the fact that subjects in qualitative research are not intended to be representatives of a population (Bryman and Bell, 2007), ‘representativeness’ was recognized in this qualitative study as a research criterion pertaining to the samples and limitation of the samples. The consideration in recognizing this research criterion was that the more representative the sample, the better the sample catered to the exploratory nature and explanatory purpose of this study. This consideration parallels the ‘law of large numbers’ in quantitative research (cf. Saunders et al., 2009). Also part of this consideration was that a sample with good representativeness would provide for breadth of data, thereby complementing depth of data and depth of data analysis that are

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59 According to this law, ‘samples of larger absolute size are more likely to be representative of the population from which they are drawn than smaller samples and, in particular, the mean (average) calculated for the samples is more likely to equal the mean for the population, providing the samples are not biased’ (Sauders, Lewis and Thornhill, 2009, p.594).
generally inherent in qualitative approach to research. This would in turn result in richer contents, more contextual examples and clearer data patterns in the findings. In the case of this study specifically, this would have translated into even more theoretical themes and even better representation of the reality of IHRM in the final research outcome.

One facet of the above-mentioned limitations in the samples and data obtained is that concerning ‘balance of perspectives’ – that is, a balance of perspectives between the two groups of executive-participants, namely ‘top HR managers’ and ‘other top managers’. As a result of self-selection sampling, the executive-participant sample obtained in the study consisted of a random mix of top HR managers and other top managers – that is, a total of 10 top HR managers against 11 other top managers – from 17 MNC-participants. Nevertheless, considering the balance between the number ratio of 10:11 between the top HR Managers and other top managers, it can be said that this study generally attained a balance of perspectives between these two groups of executive-participants.

‘Balance of perspectives’ between the two groups of executive-participants can be assessed more closely, within each MNC-participant. Based on the statistical plan for sampling set out in the research design (cf. TABLE 4.3, Section 4.2), the executive-participant sample was to consist of at least one top HR manager and one other top manager from each MNC-participant. This is in order to obtain from each MNC-participant a balance of perspectives between these two groups of managers. As the study procured 17 MNC-participants, the ideal composition of the executive-participant sample was thus 17 top HR managers and 17 other top managers. This desired

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60 The term ‘managers’ was used in the study, and is used in this thesis, in reference to managerial roles rather than the actual job titles.
executive-participant sample would have contributed, to the overall data of the study, an enhanced balance of perspectives between the two groups of participating top managers. In addition, this may have also resulted in an enhanced balance of perspectives between the HR department and central management of each participating MNC.

The better the data in this study provided a balance between the perspectives of top HR managers and those of other top managers, the more this study would have minimized interviewee bias. The same can be said of the balance between the perspectives of expatriate managers and the perspectives of local managers. Balance of perspectives between these two groups of managers can be assessed in the contexts of the ‘overall executive-participant sample’ and the ‘executive-participant sample from an individual MNC-participant’. Given the number ratio of 12:9 between the expatriate managers and local managers in the ‘overall executive-participant sample’, and considering the constraints inherent in the research design (cf. Section 8.4.3), this study can be deemed to have attained an overall balance between the perspectives of expatriate managers and those of local managers. In the context of the ‘executive-participant sample from an individual MNC-participant’, on the other hand, the issue of balance of perspectives between the expatriate managers and local managers does not arise. The general inadequacies of self-selection sampling used in the study aside, this perceived non-issue is in view of the fact that the expatriate manager/local manager make-up of an individual MNC-participant is beyond the control of this study.

**Measures Taken to Address the Limitations**

Potential limitations in the samples and data were taken into consideration during the formulation of the research design and prior to the data collection (interviews). To
minimize the effects of the limitations, careful choices were made and appropriate measures were taken prior to the data collection, during the data collection and during the data analysis process. First, semi-structured interviews were chosen as the data collection method, considering that this method allows for probing and is suitable for exploratory and explanatory studies (Saunders et al., 2009). This is where the research design was shaped by consideration as regards the breadth and depth of data, alongside the sampling criteria and statistical plan for sampling.

Prior to the interviews, every endeavour was made to procure as many participants as possible according to the sampling criteria and statistical plan for sampling. During the interviews participants were probed, whenever possible and necessary, for further details of their responses. The purpose of the probing was to give the data as much breadth and depth as possible. Furthermore, as a supplement to audio recording of the interview contents, on-the-spot written notes were taken of relevant contextual details, special expressions of the participants, non-verbal cues given by the participants and salient matters mentioned by the participants. This note-taking measure ensured that there were plenty of cues and highlighted information to support the data analysis.

During the data analysis process, special care was taken to check subjectivities on the part of the Researcher, namely interviewer bias. This measure was underpinned by the following thinking: ‘[A]nalysis of words needs to come from the perspective and reality of the researched, and not the researcher’ (O’Leary, 2010, p.33); and ‘[researchers] must participate in the mind of another human being (in sociological terms, “take the role of the other”) to acquire social knowledge’ (Lofland and Lofland, 199, p.16). Special care was also taken to account for interviewee bias. Apart from
knowledge about HRM in MNCs and operations of MNCs gathered through literature review, background knowledge about each of the executive-participants and MNC-participants was also drawn on during the data analysis process. The Researcher acquired such background knowledge prior to and after the interviews, from printed publications and websites of the MNC-participants as well as from the executive-participants. Such background knowledge enabled the Researcher to check to a certain extent interviewee bias in the data. Such knowledge also helped enhance the Researcher’s understanding of the data collected from individual MNC-participants and executive-participants.

On the whole, multiple interpretations were explored in both the data analysis and the subsequent deliberation of the findings. In the first place, the interpretivist research framework which emphasizes ‘interpreting’, ‘understanding’ and ‘explaining’ was appropriately employed in the study. As explicated in Chapter 3 (Methodology), where management research is concerned, an interpretivist research framework emphasizes and delves into the deeper meanings attached to organization life. This is the context within which multiple interpretations were explored in the data analysis of the study. The interpretivist research framework with its multiple interpretation approach was suited to the study, not only for addressing the anticipated research limitations coupled with any interviewee and/or interviewer bias, but also for fulfilling the overall purpose of the study.
8.4.3 Limitations in the Research Method and Overall Research Design

As evidenced by the findings presented in Chapter 6 (*Findings: Process Structures of IHRM*), a major part of the processes in IHRM entail relational phenomena between standardization, localization and HR best practice. In particular, the relational phenomena concerned are (i) interrelations between standardization, localization and HR best practice; and (ii) interrelations between the organizational hierarchy and standardization/localization/HR best practice. These relational phenomena were uncovered in this study from rich qualitative data, and through in-depth data analysis underpinned by substantive reasoning. Although due consideration was given to interviewer/interviewee bias, two of the possible threats to reliability of research findings (Robson, 2002) during the data analysis process, the perceived relational phenomena between standardization, localization and HR best practice lack definitive correlation forms or, in other words, structured and clear correlation patterns. This is where difficulty in replicating qualitative research studies – one of the more common areas of critiques of qualitative research (Bryman and Bell, 2007) – is apparent in this study. This is also where questions can be raised concerning ‘validity’ and ‘generalizability’ of the findings and the resultant theoretical inferences of the study.

To address the above-mentioned research criteria of ‘replication’, ‘validity’ and ‘generalizability’, a follow-up phase of the study employing a quantitative approach may be desirable. The highly structured nature of quantitative research methods can

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61 Guba and Lincoln (1994) substitute ‘validity’ in quantitative research with ‘credibility’ and ‘transferability’ for assessment of qualitative research.

62 ‘Generalizability’ is assessed in this context with respect to theory and not populations. This is in line with Bryman and Bell’s (2007) assertion concerning this concept in the context of qualitative research. According to the authors, it is the quality of theoretical inferences made out of the qualitative data, rather than statistical criteria, which is decisive in the assessment of generalizability of qualitative research findings.
serve to examine with precise focus the relational phenomena unveiled in this study (cf. Bryman and Bell, 2007). In more precise terms, ‘hard and reliable data’ of the follow-up quantitative study can supplement the ‘rich and deep data’ of this qualitative study in the following sense: while the initial qualitative data led to development of concepts and theoretical inferences concerning certain relational phenomena, the follow-up quantitative data inject precision as well as vigour into these concepts and theoretical inferences (cf. Bryman and Bell, 2007).

The hypothetical research approach outlined above is one that entails a mix of qualitative and quantitative methods. Such mixed-method research was not implemented in this study due to time and financial constraints. As gathered from the literature review in Section 2.5.4, mixed methods can be used to fulfil different purposes of different IHRM research studies. In the hypothetical research approach outlined above, qualitative research precedes quantitative research in a two-phase research study. Firstly, the qualitative findings in the former are used to inform the latter. Thereafter, the quantitative findings in the latter complement the qualitative findings in the former. Mixed-method research studies can potentially produce rigorous IHRM research outcome or, in Chan’s (2008, p.74) words, ‘convergent validity in substantive inferences in IHRM research’.

The above-mentioned limitation in the research method became apparent during the research process of this study. It became apparent upon the emergence, from the qualitative data, of the relational phenomena of standardization/localization/HR best practice and the interrelations of relationship management, diversity management and talent management. Meanwhile, a limitation in the research design was identifiable
during the planning stage of the study. This limitation concerns the source of data. Ideally, data in this study should be procured from both the managers and the rank-and-file employees in the participating MNCs. This would provide an added dimension to the representativeness and breadth of the data in the study. The rank-and-file employees were not included as a source of data in the research design due to time and financial constraints inherent in the study.

Another ideal element excluded from the research design was the testing of the IHRM conceptual model derived in the study. Quantitative methods are most suitable for the testing, given the capacity of these methods to provide precision and transparency in the testing process. Selective and variable quantitative methods can be employed to separately test the concepts, theoretical inferences, interaction structures and relational concepts encapsulated in the model. For instance, to test the non-linear interaction structures and effects of the relational concepts in the model, the most suitable quantitative testing methods include structural equation modelling and recursive regression modelling.

8.5 Implications for Future Research in IHRM

Through its findings, conclusions and the resultant IHRM conceptual model, this study has stretched the boundaries of how IHRM can be described, conceptualized and defined. The implications of these outcomes for future research in IHRM can be broadly grouped under the following themes: (i) conceptual frameworks of IHRM; (ii) IHRM in practice; and (iii) IHRM as a scholarly field of enquiry.
8.5.1 Research Concerning Conceptual Frameworks of IHRM

Based on the outcomes of this study, any future IHRM research aimed at contributing a conceptual framework to the field can be anticipated to address IHRM as both a system and a process. The former concerns the ‘what’ while the latter concerns the ‘why’ and ‘how’ of IHRM. Exclusion of any one of them will render the research concerned incomplete – incomplete in that it addresses only one facet of the intricacies of IHRM.

In respect of IHRM as a system, future research can be anticipated to expand on the outcomes of this study and further examine the fundamentals, the core components and the process vehicles of IHRM. In respect of IHRM as a process, future research can be anticipated to further examine why and how various contextual variables greatly influence the workings of IHRM, as well as how IHRM addresses these variables. A host of IHRM issues and phenomena emanating from diversity, cross-cultural intricacies and globalization should be taken into consideration in the research.

Future research into IHRM as a process should, in the first place, identify the specific contextual variables that are most influential in the workings of IHRM. Hierarchical level of analysis can be used for this purpose. Such analysis would unravel variables at different levels in the internal and external environments of the global firms that confront IHRM. These specific variables were not identified in this study.

This thesis has advanced an integrative IHRM conceptual model that presents some overall, fundamental ideas of IHRM. Any future research expanding on this model is anticipated to adapt the integrative schema underpinning this model and enhance the generic conceptual understanding of IHRM. Such research would augment the initiative
taken in this thesis to conceptualize IHRM generically through an integrative and three-dimensional model. In the larger scheme of things, such research represents a further step in confronting the existing inadequacies in the descriptive, narrow and academic definition of IHRM.

8.5.2 Research Concerning IHRM in Practice

One of the most pertinent areas to be researched as regards IHRM in practice is that concerning standardization, localization\textsuperscript{63} and the combined standardization-localization approach in MNCs. Among others, the following broadly-termed topics could expand on the findings of this study on these three facets of IHRM:

i. the impacts of standardization on various departments in MNC subsidiaries and their managerial and non-managerial staff;

ii. the impacts of localization on MNCs’ corporate planning and global strategies, and on their increased tendency towards MNC-wide standardization (as pointed out to be the case by some participants in this study and by authors such as De Cieri \textit{et al.}, 2008);

iii. the means and manner by which localization is implemented in various departments in MNC subsidiaries;

iv. specific strategies and measures employed by MNCs, if any, to juggle standardization with localization and to strike a balance between the two;

v. quantified correlations between standardization, localization and the organizational hierarchy, if any.

Studies based on topic (iv) examine the combined standardization-localization approach

\textsuperscript{63} As an reiteration, throughout this thesis, ‘standardization’ and ‘localization’ refer to ‘standardization of HR policies and practices’ and ‘localization of HR policies and practices’ respectively.
that is invariably adopted by MNCs. Among others, there should be an emphasis in these studies as to why and how a simple typology of full standardization or full localization does not address issues inherent in cross-border, cross cultural HRM (IHRM). Quantitative studies based on topic (v) serve to complement this qualitative study in examining the interrelationships between standardization, localization and the organizational hierarchy. A combination of qualitative and quantitative research outcomes would provide further insights into these interrelationships unravelled in this study. In examining all the above-listed topics concerning standardization and localization, it is important to account for centralization/decentralization in international business. This would elicit more profound perspectives of standardization/localization in relation to globalization.

HR ‘best practice’ as an ambiguous concept among IHRM practitioners and authors is another topic area that warrants substantial further studies. Such studies are warranted to further define the concept, roles and implications of HR ‘best practice’ in IHRM. Among others, these studies can be anticipated to further examine and clarify the following notions derived in this study: (i) HR ‘best practice’ as HR ‘best fit’; (ii) HR best practice as a product of organizational learning. Further examining these notions would enhance the understanding of IHRM as a process. In specific terms, it is pertinent to orientate the studies concerned towards expanding the findings of this study on the following: (i) why and how HR best practice is not universal but firm-specific – in respect of an individual MNC as a whole, an individual MNC subsidiary or several MNC subsidiaries sharing some contextual similarities; (ii) why and how HR best practice is not a pre-defined HR formula but an outcome of organizational learning – where the learning experience is on the part of both the MNC and its staff engaged in
cross-border talent sharing.

Future research in IHRM can also be anticipated to augment the findings of this study on the pivotal and interconnected roles of relationship management, diversity management and talent management in IHRM. It is anticipated that IHRM Researchers embark on studies that identify means and strategies to integrate these three management activities in IHRM. Building on the outcomes of this study, these future studies are anticipated to further clarify the centrality of talent and diversity in the operations of MNCs – hence the imperative to manage the talent and relationships of the diverse people in these organizations as an integrated whole in IHRM. The ultimate, overall outcome of such research endeavours as regard IHRM in practice can be anticipated to be twofold: (i) a more systematic and strategic approach to managing relationships, diversity and talent in IHRM; (ii) a more centralized and practical system to administer relationship management, diversity management and talent management as essential and interconnected managerial activities in IHRM.

8.5.3 Research Concerning IHRM as a Scholarly Field of Enquiry

One of the core emphases of this thesis is that HRM in MNCs is inseparable from cross-cultural management. The thesis repeatedly highlights the imperative to professionally manage cross-cultural elements in HRM in MNCs, given the prevalence and major influence of these elements in MNCs. However, the implications of the inseparability of HRM in MNCs and cross-cultural management are not limited to the practical front of IHRM. On the theoretical front, particularly in the development of IHRM as a scholarly field of enquiry, the overall implication is that research in IHRM should not be constrained by any subject boundaries. As discernible from the findings of this study,
any IHRM research that is constrained within any subject domain can at best look at limited facets and furnish limited perspectives of IHRM. Such research orientation is inadequate for theory building in IHRM, let alone making a contribution to the development of the field of IHRM.

The ‘interconnectedness’ and ‘sharing’ phenomena in IHRM, as unveiled in this study, are significant to future research in IHRM. The ‘interconnectedness’ phenomenon occurs between all structures, processes and elements of IHRM. The ‘sharing’ phenomenon occurs invariably in all IHRM processes between an MNC’s subsidiaries in different countries. This invariable phenomenon across national borders indicates the need to include aspects of comparative HRM in research into HRM in MNCs. In conjunction with cross-cultural management highlighted in the preceding paragraph, comparative HRM is profoundly significant in IHRM research. The overall implication therefore is the importance of merging ‘HRM in MNCs’, ‘cross-cultural management’ and ‘comparative HRM’ in IHRM research. By merging these three existent IHRM research strands, taking into account the ‘interconnectedness’ and ‘sharing’ phenomena in practical IHRM, IHRM research can be substantively augmented to generate holistic and comprehensive understanding of IHRM.

As highlighted in Section 2.3.2, there is discipline-based introspection within and across each of the three existent IHRM research strands; and that discipline-based sectarianism is a shortcoming in the methodological design of IHRM research (Keating and Thompson, 2004). Accordingly, merging the three strands in IHRM research would contribute substantively to overcoming the shortcoming. Through the merging, IHRM research would address the overlaps and gaps between the three strands and very
importantly, effect what Keating and Thompson (2004) term ‘interdisciplinary collaboration’ and ‘cross-fertilization of ideas’ between them. Such research orientation would in turn lead to more comprehensive, holistic and practice-relevant research outcomes on IHRM. There is every reason for future research in IHRM to heed the following assertions of Keating and Thompson (2004, p.606):

\[\ldots\] [T]here is a need to begin the design and development of an overarching theory to integrate the three strands of IHRM into a framework embracing the related disciplinary approaches. The fertilization of ideas and methodologies between strands will result in an enrichment of research across the field and facilitate the construction of an inclusive approach to theory building which embraces all related disciplinary areas \[\ldots\] Only by overcoming disciplinary sectarianism can the field of IHRM advance and produce (practice) relevant theory.

This study has indeed contributed a step in the direction anticipated by Keating and Thompson (2004). Not only has this study probed into and discussed cross-cultural issues in IHRM, it has also emphasized the need to address these issues in specific IHRM processes. Arguably, this study into ‘HRM in MNCs’ has encompassed aspects of ‘cross-cultural management’, and has to a certain extent integrated the two strands in researching IHRM.

Numerous further steps in the same direction are necessary before the existent sectarianism in IHRM research can be fully overcome, and an inclusive framework of theory building in IHRM fully established. As a matter of fact, the journey towards this end of IHRM theory building has barely begun. Whatever research studies undertaken along this path henceforth are important steps towards holistic theoretical advancement.
of the field. Such research endeavours must, nonetheless, be in tandem with the volatile global business environment, taking cognizance of the ever changing trends of globalization and technological innovations. To conclude in succinct terms, advancement of IHRM as a relatively new scholarly field of enquiry hinges on IHRM researchers taking an inclusive, integrative and ‘world-savvy’ approach to theory building.
APPENDICES
APPENDICES
FOR
CHAPTER 2
APPENDIX 2-1

Two Logics Approach of IHRM
(Evans and Lorange, 1989)

<table>
<thead>
<tr>
<th>PRODUCT - MARKET LOGIC</th>
<th>Global adaptive strategy</th>
<th>Polycentric adaptive strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent country-based businesses with low integration</td>
<td>Cell 1</td>
<td>Potential conflict between HQ and subsidiaries</td>
</tr>
<tr>
<td>Interdependent businesses with high integration</td>
<td>Cell 2</td>
<td>HRM largely decentralized to subsidiaries</td>
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<td></td>
<td>Cell 4</td>
<td>Strong corporate policies guiding HRM</td>
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<td></td>
<td>Cell 3</td>
<td>Potential conflicts between divisions and subsidiaries and loss of competitive performance</td>
</tr>
</tbody>
</table>
APPENDIX 2-2

Integrative Framework of Strategic IHRM in Multinational Enterprises
(Schuler, Dowling and De Cieri, 1993)
APPENDIX 2-3

European (Contextual) Model of HRM
(Brewster, 1995)
APPENDIX 2-4

Two Dimensions of IHRM
(Paauwe and Dewe, 1995)
APPENDIX 2-5

Model of Strategic IHRM
(Taylor, Beechler and Napier, 1996)

[Diagram showing the model of strategic IHRM with the following elements:
- Corporate SIHRM:
  - Parent's International Strategy
  - Top Management's Beliefs
- Affiliate's HRM:
  - Affiliate's Strategic Role
  - Method of Affiliate's Establishment
  - Parent-Affiliate's Cultural Distance
  - Parent-Affiliate's Legal Distance
- Degree of Similarity of Affiliate's HRM System to Parent's HRM System
- Employee Group's HRM:
  - Employee Group's Criticality
  - Degree of Similarity of HRM System vis-a-vis a Particular Group of Employees]
APPENDIX 2-6

Model of Strategic HRM in Multinational Enterprises
(Dowling, 1999)

Exogenous Factors
- Industry characteristics
- Country/regional characteristics
- Inter-organizational networks

Endogenous Factors
- MNE structure
  - Structure of international operations
  - Intra-organizational networks
  - Mechanisms of co-ordination
- Organizational & industry life cycle
- International entry mode
- MNE strategy
  - Corporate-level strategy
  - Business-level strategy
- Experience in managing international operations
- Headquarters international orientation

Strategic HRM
- HR function strategy
- HR practices

MNE Concerns & Goals
- Competitiveness
- Efficiency
- Balance of global integration & local responsiveness
- Flexibility
APPENDIX 2-7

Thematic Framework of IHRM in MNEs: 2007 Update and Extension
(Schuler and Tarique, 2007)

EXOGENOUS FACTORS
- Legal environment
- Managing MNEs
- Global, regional and local perspectives

STRATEGIC MNE COMPONENTS
- SHRM systems
- IHRM systems
- Cross-border alliances

IHRM ISSUES, FUNCTIONS, POLICIES AND PRACTICES
- Managing a global workforce
- Global leadership development
- Global careers

MNE EFFECTIVENESS
- Monetary criteria
- Satisfying multiple stakeholders

ENDOGENOUS FACTORS
- Global competitive advantage
- Global realities
APPENDICES
FOR
CHAPTER 3
APPENDIX 3-1
Interview Schedule

INTERVIEW QUESTIONS

This interview should take not more than one (1) hour of the interviewee’s time.

Section A: Biography and Organization Related Questions:
Section B: Project Themes Related Questions

Section A
Questions Relating to Biography and Organization:

Question 1 is for expatriates.
Question 1A is for non-expatriate.

1. May I know whether you are from <country of origin of the company> or another country?
   How long have you been here in Malaysia for this position?
   Have you worked in Malaysia before either in this type of role or another role?
   1A May I know how long you have been in this position?

2. May I know whether you are on contract or permanent basis for this position?

3. You are the <job title> here. Could you give me a clearer idea of your role in this portfolio?

4. For the managing role that you have held so far, which would you say is more important, experience or education and training?

5. How big is this organization? (i.e. in terms of the number of employees)
   How many employees do you manage in your department? [for HR Department]

6. What is the makeup of the employees in this organization? (i.e. who they are, where they come from, the approximate ratio of locals to expatriates)

7. Could you give me some ideas about your organizational structure? (i.e. the departments, their interrelations, their respective job functions and the people that work in these departments)
Section B
Questions Relating to Project Themes

Concepts of HRM and IHRM

This part of the interview asks for your opinions about the concepts of Human Resource Management (HRM) and International Human Resource Management (IHRM).

1. How would you best describe the function of HRM?

2. In your opinion, what is the most crucial factor that makes management of human resources across country borders different from HRM at the local level?
   2.1 What should the management do to address this factor?

3. In very simple and superficial terms, here I define International Human Resource Management (IHRM) as managing across national borders.
   What do you think is the best way to further describe IHRM?

Globalization, IHRM & Strategic HRM

In simple terms, ‘globalization’ could perhaps be described as the uprising of open global markets for internationalization of businesses, ideas and technologies. Globalization has brought about not only increased level of international business, but also greater cross-cultural understanding, communication and exchange. It has certainly also heightened the level of competition between global companies.

1. In your assessment, what has been or will be the impact of globalization on the ways human resources are managed in a global company like yours?
   (For example in terms of recruitment, job design, training and development, expatriate management, etc.)

2. Amid the increased level of international business and global business competition that comes with globalization, how can HRM play a strategic role in international business?
   (For example, in terms of the company’s competitive advantage, comparative advantage, etc.)
Standardization Versus Localization of HR Policies, Practices and Procedures

1. In this organization, do you adopt the same HR policies, practices and procedures as those in the headquarters? (I mean all the policies, practices and procedures)

1(i) [If ‘Yes’ to the above question]

I would call what your organization does as ‘standardization’ of HR activities.

Is it the headquarters’ decision or policy to do so?

What is the company’s rationale for standardization of its HR activities?

Is such ‘standardization’ of HR activities done selectively only in certain countries or in all countries where the company has an alliance or subsidiary? And why?

1(ii) [If ‘No’ to Question 1: ‘No’ for almost all HR policies, procedures and practices]

We would call what your organization does as ‘localization’ of HR activities.

Is it the headquarters’ decision or policy to do so?

What is the company’s rationale for ‘localization’ of its HR activities?

Is such ‘localization’ of HR activities done selectively only in certain countries or in all countries where the company has an alliance or subsidiary? And why?

What has been modified in the HR activities? (i.e. Compared to the headquarters’ version, what is different, for example, in recruitment, job design, performance appraisal, training and development etc.?)

1(iii) [If combination of ‘Yes’ and ‘No’ to Question 1]

We would call what your organization does as a ‘combination of standardization and localization’ of HR activities.

Is it the headquarters’ decision or policy to do so? What is the company’s rationale for taking this approach to its HR activities?

What has been modified in the ‘localized’ HR activities?
(i.e. Compared to the headquarters’ version, what is different, for example, in recruitment, job design, performance appraisal, training and development etc?)

Why is <HR activity> treated differently from <HR activity>?

And what about <HR activity>?
[Based on interviewee’s earlier answers]

Does the headquarters apply the same approach in every country where it has an alliance or subsidiary?

2. Is the same approach of standardization/localization /combining standardization and localization applied to all other departments’ activities?

2(i) [If ‘No’ to the above question]

So which departments’ activities are standardized and localized respectively?

Why is <department name> given a different treatment from the HR Department?

What about <department name>?
[Based on interviewee’s earlier answers]

Environmental Factors in IHRM/Managing Local (Malaysian) Employees

1. What specific environmental factor or factors (i.e. social, political, economic, cultural factors) in this country (Malaysia) do you see demand special attention in managing the Malaysian workforce?

And how do you cater for this factor(s) in the management of your organization [for head of organization]/your HR Department [for head of HR department]?

2. Malaysia is an Asian, Eastern country. HRM, as we know it in management school and MBA courses, originated in America and on the whole is a Western concept.

What environmental factor or factors in Malaysia contrast Malaysia with Western countries in such a way that makes adoption of some Western HRM practices here at least slightly complicated?

Managing Diversity

1. What do you consider the biggest challenge in managing a multi-cultural workforce in general?

What about in Malaysia specifically?
2. As a multinational company, what is the company’s general approach or specific policy, if any, to managing diversity of its workforce worldwide?

**Leadership in Managing Human Resources**

*Question 1 is for expatriates.*  
*Question 1A is for non-expatriates.*

1. As an expatriate managing this organization as a whole/the HR department, you are in the best position to enlighten me about your position under expatriation arrangement here. What is the headquarters’ rationale for appointing an expatriate to this role?

1A. As a local managing the organization as a whole/the HR department, you are in the best position to enlighten me about your position here. What is the headquarters’ rationale for appointing a local to this role?

2. You are playing a leadership role here. Is your leadership style here the same as that in the headquarters for this specific portfolio that you hold?

2.1 How would you assess this leadership style for your organization as a whole/for your HR department?  
(e.g. What is good or not so good about this leadership style etc.)

**Managing Across cultures and national borders**

1. What do you like best and least about your job?

*Question 2 is for expatriates.*  
*Question 2A is for non-expatriates.*

2. What advice would you give to someone who will assume the responsibilities of managing human resources across cultures and national borders?

2A. What advice would you give to someone who will assume the responsibilities of managing human resources for a multinational company?

**THANK YOU**  
- END OF INTERVIEW -
APPENDIX 3-2

Data Display in ‘Matrix’ Format (Summary Matrices)

**Topic of Sample:**
**Standardization vs. Localization** (Partial Matrix only)

<table>
<thead>
<tr>
<th>MNC-Participant Country of Origin</th>
<th>MNC-S-1 Netherlands</th>
<th>MNC-S-2 New Zealand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive-Participant Designation (Expat/Local)</td>
<td>A CEO (E)</td>
<td>B HR Manager (L)</td>
</tr>
<tr>
<td><strong>ALL of HQ’s policies, practices &amp; procedures?</strong></td>
<td>YES, (almost 100%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Except: Pay, compensation &amp; employee benefits &amp; Other matters involving national policies of the host countries e.g. retirement age</td>
<td></td>
</tr>
<tr>
<td><strong>If YES</strong> - HQ’s decision for all or high standardization?</td>
<td>VERY HIGH STANDARDIZATION</td>
<td></td>
</tr>
<tr>
<td>- Rationale</td>
<td>HQ’s decision &amp; policies</td>
<td></td>
</tr>
<tr>
<td>- Only in certain countries or all countries? Why?</td>
<td>Sameness &amp; standardization instil employee trust in a global company</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rationale</td>
<td>Employees need to know the global company they work for can be trusted</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Not a global company if practices and processes differ from one country to another</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Company needs processes that can be rolled out very quickly across the globe</td>
</tr>
<tr>
<td>MNC-Participant Country of Origin</td>
<td>MNC-S-1 Netherlands</td>
<td>MNC-S-2 New Zealand</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>---------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Executive-Participant Designation (Expat/Local)</td>
<td>A CEO (E)</td>
<td>B HR Manager (L)</td>
</tr>
<tr>
<td>YES &amp; NO COMBINATION</td>
<td></td>
<td>COMBINATION</td>
</tr>
<tr>
<td>- HQ’s decision?</td>
<td></td>
<td>STANDARDIZATION</td>
</tr>
<tr>
<td>- Rationale</td>
<td></td>
<td>Recruitment policies e.g. equal opportunities for both genders and for all ethnic groups</td>
</tr>
<tr>
<td>- What has been modified?</td>
<td></td>
<td>But variation (localization) in recruitment &amp; selection based on job nature</td>
</tr>
<tr>
<td>- Only in certain countries or all countries?</td>
<td></td>
<td>e.g. jobs involving heavy lifting, exactness, patience, ethnic specific business dealings, ethnic relations.</td>
</tr>
</tbody>
</table>

HQ standards on health and safety to be followed strictly.

But HQ flexible on necessary localization

**COMBINATION**

Training and Development:

Training for senior managerial roles:
‘Leadership Development Program’ & ‘Legacy Leadership Program’ – training held in main HQ or regional HQ (Standardized training)

‘Foundation of Leadership Program’ for first-time managers/young executives -- one line manager and the HR manager (current senior managers) from each operating company
<table>
<thead>
<tr>
<th>Country of Origin</th>
<th>Executive Participant Designation (Expat/Local)</th>
<th>MNC-S-1</th>
<th>MNC-S-2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Netherlands</td>
<td>A CEO (E)</td>
<td></td>
<td>B HR Manager (L)</td>
</tr>
<tr>
<td>New Zealand</td>
<td></td>
<td></td>
<td>(subsidiary) sent to be trained as trainers at the HQ; then they return to train first-time managers. But the program at the local level is customized (localized based on local situations).</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Leadership Development Program for senior managers and second layer managers standardized; conducted at HQ</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Legacy Leadership Program for prospective general managers standardized; conducted at HQ</td>
</tr>
<tr>
<td>LOCALIZATION</td>
<td></td>
<td></td>
<td>Locally structured ‘competency based interview’ training conducted annually for all managers for performance management &amp; development purposes; a certain pre-designed structure for assessor managers to ask assessment interview questions</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Customized, locally structured training but training contents are based on HQ training materials.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>A lot of competency training: functional competencies &amp; leadership competencies</td>
</tr>
<tr>
<td>MNC-Participant Country of Origin</td>
<td>MNC-S-1 Netherlands</td>
<td>MNC-S-2 New Zealand</td>
<td></td>
</tr>
<tr>
<td>----------------------------------</td>
<td>---------------------</td>
<td>---------------------</td>
<td></td>
</tr>
<tr>
<td>Executive-Participant Designation (Expat/Local)</td>
<td>A CEO (E)</td>
<td>B HR Manager (L)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The higher level the role, the more requirement of leadership competencies outweigh functional competencies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Localized job designs: Job descriptions shared among sister companies in Southeast Asia via a job bank based in regional HQ. Local managers free to acquire and adopt or adapt</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Variation in recruitment &amp; selection: based on job nature e.g. jobs involving heavy lifting, exactness, patience, ethnic specific business dealings, ethnic relations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Same approach to other departments? Departments where activities are standardized and/or localized</td>
<td>STANDARDIZATION Finance &amp; Accounting Legal aspects Sales &amp; Marketing</td>
<td>COMBINATION HR &amp; Finance LOCALIZATION Sales &amp; Marketing Operations Management</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Localized programs in various departments are done in conjunction with the HR dept. &amp; still based on some guidelines from the HQ &amp; in consultation with the HQ</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MNC-Participant Country of Origin</td>
<td>MNC-S-3 Switzerland</td>
<td>MNC-S-4 USA</td>
<td></td>
</tr>
<tr>
<td>---------------------------------</td>
<td>---------------------</td>
<td>------------</td>
<td></td>
</tr>
<tr>
<td>Executive-Participant Designation (Expat/Local)</td>
<td>C HR Director (L)</td>
<td>D HR Director (L)</td>
<td></td>
</tr>
<tr>
<td>ALL of HQ’s policies, practices &amp; procedures?</td>
<td>NO</td>
<td>NO</td>
<td></td>
</tr>
</tbody>
</table>

- HQ provides the fundamental, philosophical framework as the governing guideline for all subsidiaries
- The framework must be adapted to the local operating environment & practices

<table>
<thead>
<tr>
<th>If YES - HQ’s decision for all or high standardization?</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>- Rationale</td>
<td>COMBINATION</td>
<td>COMBINATION</td>
</tr>
<tr>
<td>- Only in certain countries or all countries? Why?</td>
<td>HIGH LOCALIZATION</td>
<td>Localization is necessary for certain policies and procedures due to local laws and statutory requirements But As far as possible the company’s global policies are adhered to LOCALIZATION</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>YES &amp; NO COMBINATION - HQ’s decision?</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>- Rationale</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- What has been modified?</td>
<td>COMBINATION</td>
<td></td>
</tr>
<tr>
<td>- Only in certain countries or all countries?</td>
<td>HIGH LOCALIZATION</td>
<td>Recruitment is very much local; no global recruitment party</td>
</tr>
</tbody>
</table>

- HQ does not provide thick HR policies but a thin framework on HR principles instead
- The HQ policy is modified locally, governed by the HQ principles
- High localization and adaptation in HR activities

- Sometimes the job
<table>
<thead>
<tr>
<th>MNC-Participant</th>
<th>MNC-S-3</th>
<th>MNC-S-4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country of Origin</td>
<td>Switzerland</td>
<td>USA</td>
</tr>
<tr>
<td>Executive-Participant Designation (Expat/Local)</td>
<td>C HR Director (L)</td>
<td>D HR Director (L)</td>
</tr>
</tbody>
</table>

**STANDARDIZATION**

- MNC-3’s global competencies framework -- Leadership Framework (must be adopted)
- MNC-3’s management principles -- for attributes of good managers (must be adopted)
- But must consider current local context when training staff to comply with HQ frameworks and principles

**Rationale:**

to be relevant to where it operates

**LOCALIZATION**

- Practiced in all countries where MNC-3 is present
- Localization of HR practices within MNC-3 framework
- Training & development: Localized with locally engaged training provider to cater for the specific needs of talent in local markets
- Recruitment: Localized in terms of executive search process & method

- description needs to be modified for local work requirements
- For every job function there is a localized competency model specifically for Singapore & Malaysian combined (not following the rest in MNC-4 globally).
- No globally standardized competency model

**COMBINATION**

- Local & global training and development programs
- Local programs -- because cheaper to engage local training partners
- But Leadership raining is global
<table>
<thead>
<tr>
<th>MNC-Participant Country of Origin</th>
<th>Executive-Participant Designation (Expat/Local)</th>
<th>Job design:</th>
<th>Performance appraisal:</th>
</tr>
</thead>
<tbody>
<tr>
<td>MNC-S-3 Switzerland</td>
<td>C HR Director (L)</td>
<td>Localized based on jobs created</td>
<td>Managerial jobs – standardized for easy information/guide for talent worldwide Non-managerial jobs – fully localized</td>
</tr>
<tr>
<td>MNC-S-4 USA</td>
<td>D HR Director (L)</td>
<td>Same approach to other departmental functions? COMBINATION Departments where activities are standardized and/or localized</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Marketing: Brand policies are standard in all subsidiaries; governed by HQ But Localized in terms of product variation</td>
<td>LOCALIZATION</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sales: Differing structures from country to country; So different ways of rolling out ‘route-to-market’ strategies &amp; different ways of dealing with sales force operations</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Diversity of population means diversity of consumers. So there must be diverse ways &amp; diverse staff to deal with consumers</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Local staff make-up should as far as possible reflect the population of the country</td>
<td></td>
</tr>
</tbody>
</table>

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APPENDIX 3-3

[SAMPLE] Summary Matrices with Categorized Meaning Labels

**Topic of Sample:**
Factors Defining HRM & IHRM (Partial Matrix only)

<table>
<thead>
<tr>
<th>HRM</th>
<th>IHRM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Career development</strong> SD</td>
<td>Capitalizing on the ‘shared mind’ of talent for company’s knowledge database, hence for the work of its global team, and the company’s higher goal <strong>SR/TM</strong></td>
</tr>
<tr>
<td><strong>Talent development</strong> SD</td>
<td>Multi-cultural workforce &amp; environment <strong>D</strong></td>
</tr>
</tbody>
</table>
| Standardized performance /competency evaluation **DC/PM**             | Open-mindedness & flexibility in management:  
- Open to feedbacks and change  
(Change an inevitable and important part of IHRM) **OF**               |
| Identification & development of leaders **SD/TM**                     | Talent management across country borders **TM/B/SR**                  |
| Acquisition, development, motivation & retention of talent **SD/TM**  | Shared best practices  
- through the processes of identifying, adopting & adapting **SR/LA** |
<p>| <strong>Human capital management</strong> - through retention, resourcing and talent management policies <strong>SCA/TM</strong> | Standardized &amp; clearly established policies <strong>SC</strong>                   |
| <strong>Strategic business partner</strong> <strong>SBPS</strong>                              | Optimization of human capital and strengths <strong>BU/SR</strong>                |
| <strong>Business support</strong> <strong>SBPS</strong>                                        | Having all HR elements and factors put in the light of multi-cultural and international context <strong>D/GO</strong> |
| <strong>Most efficient use of human resources based on company’s values</strong> <strong>BU</strong> | Significance of diversity and multi-cultural conditions <strong>D</strong>         |
| To bring out the <strong>best, most efficient and most effective employees</strong> in line with market conditions <strong>BU</strong> | Talent recruitment from within and outside the Group <strong>TM/B</strong>          |
| <strong>Employee engagement</strong> through HR tools, techniques and processes <strong>EE</strong> | Embedded and globally common processes <strong>SC</strong>                        |
| <strong>Talent monitoring through attractive remuneration and compensation programs</strong> <strong>TM</strong> |                                                                        |
| <strong>Talent monitoring &amp; attractive remuneration/compensation program to</strong> |                                                                        |</p>
<table>
<thead>
<tr>
<th>HRM</th>
<th>IHRM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talent Management made important due to scarcity of experienced and competent people <strong>SCA</strong></td>
<td>Managing human relationships among people from diverse backgrounds <strong>MR/D</strong></td>
</tr>
<tr>
<td>Fair and professional treatment of employees a key issue <strong>SCA</strong></td>
<td>Managing and monitoring human factors i.e. employee issues and needs <strong>SCA</strong></td>
</tr>
</tbody>
</table>
| HRM with short and long terms objectives: **Short Term**  
- Best use of available human resources **BU**  
- Performance management **PM**  
- Management of work climate **WCE** | To have the right people with the right skills at the right places **BU** |
| **Long Term**  
- Right people for the business going forward **BU** | Importance of long term (5-10 years) and strategic views: **SBPS**  
- Get right people  
- Plan for future HR needs and develop people  
- Overseas postings/assignments for international exposure & cross-cultural understanding; for job learning; as contingency plan **SD/GO/SBPS** |
| Mitigation of business risks **DC** | Managing people everywhere from everywhere **B** |
| Nurturing of harmonious working environment for company growth **WCE/SBPS** | Needs change in and management of thinking process  
- think global in decision making  
- openness, transparency and justification in decision making **LA/GO/OTE** |
| Execution of strategies to achieve company goals **SBPS** | Consciousness – managing across cultures and not within culture **GO/D** |
| Work with people while leading and providing directions **PE/DC** | Mutual learning across borders - as a result of sharing of strengths, including HR strengths across borders **LA/SR** |
| Four HR roles: Admin expert **SBPS**, change agent **DC**, employee champion **SCA** & strategic business partner **SBPS** | A strategic issue:  
- People management (where, when, how in relation to people) **BU**  
- People in relation to company growth **SBPS** |
| Ensure alignment between strategic roles and HR roles **SBPS** | An international issue  
HR strategies for people movement within the Group **B** |
| Enhance organization’s capabilities by harnessing human resources **BU/SBPS** | Standardization of processes **SC**  
Management and relocation of resources |
<table>
<thead>
<tr>
<th><strong>HRM</strong></th>
<th><strong>IHRM</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>SBPS/SD</td>
<td>across national borders and make the fit</td>
</tr>
<tr>
<td>(i.e. Harnessing human resources to ensure growth of both company and its people)</td>
<td>SR/B</td>
</tr>
<tr>
<td>Source, attract, retain and develop talent TM</td>
<td>Outsourcing using IT facilities a common substitute for physical relocation of human resources SR/B</td>
</tr>
<tr>
<td>Manage ‘employer-employee’ and ‘employee-employee’ relationships to meet the organization’s objectives</td>
<td>No borders for people B</td>
</tr>
<tr>
<td>People management function lies with General Manager and Unit/Department managers; actual functions of HR: benchmarking of practices, checks and balances on other departments/ business units regarding market trends, statistics etc. DC/SBPS</td>
<td>Open mindset and open culture in people management OF</td>
</tr>
<tr>
<td>HRM as strategic business partner SBPS</td>
<td>Cultural awareness &amp; issues relating to culture differences part and parcel of IHRM CAS/LA</td>
</tr>
<tr>
<td>HRM as solution provider for the business SBPS/DC</td>
<td>To take a balanced approach between adapting too much and no adaptation</td>
</tr>
<tr>
<td>Recognition and management of people as capital and assets SCA</td>
<td>Expatriate managers to take ‘direct by consensus’ style of management OTE/LA</td>
</tr>
<tr>
<td>Acquisition and retention of staff through various means and remuneration packages highly important EE</td>
<td>Expatriate managers to share mutual strengths with the locals while keeping own identities SR/LA</td>
</tr>
<tr>
<td>Guide for HRM: good people, then good organization SCA</td>
<td>Challenges to develop HR practices that are consistently applicable in multiple environments SC/D</td>
</tr>
<tr>
<td>Proper training of people SD</td>
<td>IHRM mandate:</td>
</tr>
<tr>
<td>Obtain the best out of people’s knowledge and experience BU</td>
<td>To develop appropriate HR policies and practices, taking into consideration differences between places and organizations D</td>
</tr>
<tr>
<td>Identify, develop and put people in appropriate roles SD /BU</td>
<td>To deal with core, common values that make an organization a global organization SC</td>
</tr>
<tr>
<td>Encourage and empower people to perform through recognition and good employee welfare PE</td>
<td>To have core philosophies as a guide for practising HRM across the globe SC</td>
</tr>
<tr>
<td>HRM</td>
<td>IHRM</td>
</tr>
<tr>
<td>-----</td>
<td>------</td>
</tr>
<tr>
<td>business profit &amp; give human touch to this asset</td>
<td>Core philosophies as a HRM guide underscore clear policies on treatment of employees</td>
</tr>
<tr>
<td>HRM is simply ‘people management’ as it is all about people</td>
<td>OTE</td>
</tr>
<tr>
<td>Create <strong>HR policies and processes</strong> that in turn create motivating <strong>work environment</strong> and work processes</td>
<td>Sharing of best practice</td>
</tr>
<tr>
<td><strong>Develop rather than manage human resources</strong></td>
<td>Established, common policies and procedures</td>
</tr>
<tr>
<td>- staff always trained at start, then go through career development plan</td>
<td>Ensure continued survival of individual markets of the Group</td>
</tr>
<tr>
<td><strong>HRM actually a consultancy function; staff development and actual dealing with staff lie with line managers</strong></td>
<td>High emphases on <strong>people potential</strong>, high performance &amp; succession planning <strong>across borders</strong></td>
</tr>
<tr>
<td>Two sides to HRM: (i) Admin (ii) Environment</td>
<td><strong>Environment side:</strong> value-added side of HR (emotional &amp; cultural aspects; training &amp; development etc.)</td>
</tr>
<tr>
<td>Admin side: related to cost of doing business</td>
<td><strong>Environment side:</strong> value-added side of HR (emotional &amp; cultural aspects; training &amp; development etc.)</td>
</tr>
<tr>
<td><strong>Strategic partner</strong> with the rest of the management team – in all aspects concerning performance &amp; decision making</td>
<td><strong>Strategic partner</strong> with the rest of the management team – in all aspects concerning performance &amp; decision making</td>
</tr>
<tr>
<td>Attract, retain, reward and develop people</td>
<td>Attract, retain, reward and develop people</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Legends

Best Use of Human Resources BU
Borderless B
Cultural Awareness & Sensitivity CAS
Directions & Consultancy DC
Diversity D
Employee Engagement EE
Global Outlook GO
Learning & Adaptation LA
Management of Relationships MR
Management of Work Climate/Environment WCE
Open-mindedness & Flexibility OF
Openness, Transparency & Equality OTE
Performance Management PM
Standardization & Commonality SC
Staff Empowerment PE
Staff Development SD
Staff as Capital and Asset SCA
Strategic Business Partner & Support SBPS
Talent Management TM
APPENDIX 3-4

[SAMPLE] Data Display in ‘Network’ Format
A network diagram presenting partial research outcome in the form of conceptual propositions

Larger Phenomena beyond HRM/IHRM Commonality

Global and Strategic Outlook of IHRM

A Host of Shared Factors in IHRM

Prevalence of the ‘Sharing’ Phenomenon at the Core of the Workings of IHRM

IHRM as a Globalized/Cross-border Function is Underpinned by Cross-cultural and Diverse Relationships, Multi-cultural Partnerships, Diversity Leverage and Talent Sharing

Major Themes/Features/Activities/Concerns in IHRM Entail ‘Human Relationships’, ‘Diversity’ and ‘Talent’

IHRM as an Extension of HRM

IHRM as a Network of Shared Connections

RELATIONSHIP MANAGEMENT, DIVERSITY MANAGEMENT & TALENT MANAGEMENT AS CORE COMPONENT OF IHRM
APPENDIX 4-1

Working Tables for Procurement of Representative Samples  
(Representative MNCs & Representative Top Managers)

(A) Working Tables for Procuring a Cross-section of MNCs That Can Represent MNCs Worldwide

<table>
<thead>
<tr>
<th>Continent</th>
<th>Number of MNC-Participants</th>
<th>Individual MNC-Participants’ Countries of Origin</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Target</td>
<td>Procured</td>
</tr>
<tr>
<td>Europe</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>America</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Australasia</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

(B) Working Tables for Procuring a Cross-section of MNC Top Managers Who Can Convey the Reality of HRM in MNCs

<table>
<thead>
<tr>
<th>MNC-Participant</th>
<th>Number of Exec-Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HR Top Manager</td>
</tr>
<tr>
<td></td>
<td>Local</td>
</tr>
<tr>
<td>MNC-S-1</td>
<td></td>
</tr>
<tr>
<td>MNC-S-2</td>
<td></td>
</tr>
<tr>
<td>MNC-S-3 Etc...</td>
<td></td>
</tr>
</tbody>
</table>


Edward Elgar.


Lagerstrom, K., & Andersson, M. (2003). Creating and sharing knowledge within a


MA: Harvard University Press.


