



# Crossing the streams: HRM in multinational enterprises and comparative HRM



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## A B S T R A C T

This paper examines the differences between the stream of international HRM that focuses on comparative HRM and the one that focuses on HRM in multinational enterprises (MNEs). More specifically, we review how the aspects of time, process and context have been treated within the two streams and argue that the streams have largely developed in isolation as opposed to informing one another. Drawing on this analysis we propose a research agenda that illustrates how the crossing of these streams can advance theory and empirical research in both HRM in MNEs and comparative HRM, to the benefit of both.

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## 1. Introduction

One of the first scholarly analyses of human resource management (HRM) by Beer, Spector, Lawrence, Quinn, and Walton (1984), paid considerable attention to the influence of context. In the Beer et al. 'map of the territory' the external environment and in particular the interests of different stakeholders and situational factors were linked through the organisational HRM system to long-term outcomes for the organisation, the employees and the community. However, research since that time has, mostly, been conducted in single countries and much of it has been focused on the activities of HRM specialists within organisations. The International HRM (IHRM) literature has eschewed this narrow focus, especially within its two dominant discourses – HRM in multinational enterprises (MNEs) and Comparative HRM (CHRM).

Much of the content of these two streams of IHRM is shared, in particular the standardisation–differentiation debates, as we indicate below. Both streams also share an interest in how time, process and context affect HRM activities in different parts of the world. However, the three issues are handled rather differently, partly as a result of the two streams having evolved in parallel rather than informing each other. After briefly delineating the HRM in MNEs and Comparative HRM streams, we use these differentiating issues to structure our review and contribution.

HRM in MNEs covers a broad range of HRM issues that MNEs face across national borders (Stahl, Björkman, & Morris, 2012), attempting to address the key overarching questions of how people are managed in MNEs and what the outcomes are (Björkman & Welch, 2015). Grounded, to some degree, in the international business and MNE management literature (e.g. Bartlett & Ghoshal, 1987; Prahalad & Doz, 1987), two of the dominant themes in this discourse are headquarters-level HRM

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practices and their transfer to foreign subsidiaries (Welch & Björkman, 2014). Using contingency-type frameworks, this literature finds that the HRM practices in MNEs and their foreign subsidiaries are contingent upon a complex interaction of external factors relating to the home- and host-country contexts, internal factors relating to the strategy and structure of the global corporation and the subsidiary, and the nature of the headquarters–subsidiary relationship (Edwards & Kuruvilla, 2005).

CHRM, on the other hand, looks at commonalities and differences in HRM between countries (or sometimes regions within countries) or between clusters of countries or geographical regions (Brewster & Mayrhofer, 2012). In this literature, persistent differences between countries have been found not just in the way that HRM is practiced but in the way it is conceived of and evaluated. In other words, the roles of stakeholders and the intended outcomes of HRM are viewed differently in different countries.

The clearest connection between these two different streams lies in their shared interest in the standardisation–differentiation debate. HRM in MNEs approaches the debate predominantly by looking at HRM practices at the organisational level, in particular within and across MNE subsidiaries (e.g. Rosenzweig & Nohria, 1994). Since it is clear that countries are different, MNEs have to consider this and differentiate their HRM practices. However, there are also several reasons why MNEs may want to standardise certain aspects of their HRM practices across their global operations: it is more cost-efficient since ‘wheels do not have to be re-invented’, it allows for the smoother transfer of best practices around the organisation, it makes transfers of people easier and it is fairer (Evans, Pucik, & Björkman, 2011a, 2011b). This stream of literature generally assumes that MNEs will want to standardise practices wherever they can, but are prevented from doing so by local circumstances. The CHRM literature generally refers to convergence or divergence and notes that MNEs do not standardise practices even when they have the opportunity to do so. In short, CHRM examines the standardisation of HRM debate predominantly by looking at differences across countries.

The processes of standardisation and differentiation are also of interest to both streams of literature. HRM in MNEs research has paid considerable attention to the means by which HRM practices are ‘transferred’ within the organisation across national boundaries (e.g. Gamble, 2010; Smale, Björkman, & Sumelius, 2013). The CHRM literature, on the other hand, has paid more attention to what extent and how certain HRM practices are diffused around the world.

Also linked with the standardisation–differentiation debate is an implicit or explicit interest in understanding developments over time. In both streams, the question of a globally emerging common model of HRM, be it on the national or organisational level, is a key issue. In HRM in MNEs, assessments about whether a common HRM model can be replicated across the organisation has immediate practical consequences for organisations (Morris et al., 2009) and important implications for teaching and consulting. In CHRM this issue relates to the dominance of underlying basic assumptions about HRM in different parts of the world and whether they are converging (Brewster, Mayrhofer, & Cooke, 2015; Festing, 2012; Mayrhofer, Brewster, Morley, & Ledolter, 2011).

This article offers a research agenda that illustrates how the crossing of these streams can advance theory and empirical research related to convergence and divergence in both HRM in MNEs and CHRM, to the benefit of both. In a first step, we briefly review the HRM in MNEs and CHRM streams and present key reasons why the two streams have crossed so seldom in the past. In particular, we examine how the aspects of *time*, *process* and *context* have been treated within these streams. Drawing on the conclusions of this review and using some established theoretical insights, we then develop key points of a research agenda that can advance theory and empirical research on the issue of convergence and divergence.

## 2. Time, process, and context: a review of the comparative HRM and HRM in MNEs streams

Despite widely varying conceptualizations of time (e.g. Zerubavel, 1981), we focus here on the simple view of organising events into a sequence or chronology (similar to Ellis McTaggart’s (1908) ‘A series of time’). Process is important because it elucidates the ‘how and why’ behind major issues discussed in both streams and their developments over time. Finally, context is crucial since both streams examine its effects on HRM.

### 2.1. The role of time

Time has played an intriguingly minor role in International HRM research, given its significance. This partly arises due to the difficulty of researching complex issues over time. Given the required investment of resources and the difficulty of collecting and maintaining data, the quantitative data tends to be varied in its scope and its detail.

The issue of time, and its relationship to standardisation and differentiation, has received little empirical attention within the HRM in MNEs stream. Most quantitative studies of HRM in MNEs have been based on cross-sectional data and, predominantly, have used subjective and varying measures or classifications of HRM practices, rendering it almost impossible to make inferences about patterns of standardisation or differentiation over time. There have been some notable exceptions. For example, Björkman, Smale, Sumelius, Suutari, and Lu (2008) examine the HRM practices of European subsidiaries in China in 1996 versus 2006. Although they were not matched samples, they found that the HRM practices in Chinese subsidiaries had come to more closely resemble MNE headquarters’ HRM practices as well as the HRM practices of local firms. Evidence of HRM convergence over this ten-year period, not only between local Chinese firms and foreign subsidiaries, but also between European MNEs, was explained as being due to a combination of MNE and host-country coercive, mimetic and normative institutional pressures. Other research comparing HRM in subsidiaries has argued that there is a ‘dominance’ of (US-style) ‘best practice’ that is creating an inexorable move towards convergence of practice across foreign subsidiaries (Pudelko & Harzing, 2007).

There has been some insightful, longitudinal-type, qualitative work, mostly in the form of case studies. These have revealed the important role that power relations and micro-political processes play in determining the use and effectiveness of different HRM

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