



## Comparative international human resource management: Future research directions☆



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### A B S T R A C T

There are numerous under-researched topics that fall under the umbrella of comparative international human resource management (IHRM) theory and practice. We address three in particular: talent management (TM), international mobility, and diversity. The degree of convergence of HR practices with Western-style so-called “best practices” is a topic of much dispute. We argue that sociocultural and institutional factors are critical determinants of HR practices, and we underscore the importance of the sociocultural context in IHRM. The reality unfolding is that of multiple factors, not exclusive to international best practices, playing a role in the development of HR practices in various international contexts.

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### 1. Introduction

Whether organizations and their HR practices are converging (i.e., becoming more similar, convergence perspective) or diverging in their practices (divergence perspective) is a matter of intense scholarly interest (e.g. Brewster, Mayrhofer, & Cooke, 2015; Mayrhofer, Brewster, Morley, & Ledolter, 2011). Although this debate has been ongoing for decades, it was only towards the end of the twentieth century that the convergence perspective garnered significant support. Earlier discussions on convergence cited increasing industrialization and technological advancement as evidence of organizations coming together in terms of using the same or similar practices. The divergence perspective points out the significant differences in institutional and regulatory systems that limit such convergence, although the apparent triumph of capitalistic modes of business operation in fact suggests a lessening in these differences.

This paper addresses specific less tackled areas in comparative IHRM. We propose three areas where the comparative IHRM scholarship has been lagging behind in theory and in practice: talent management, international mobility, and diversity. We argue that the extent to which HR practices do in fact converge in line with what may be considered best practices developed in Western societies is highly contested. Instead, sociocultural and institutional practices particular to each society have an important impact on determining HR practices. We are in fact witnessing a realization of the theory of crossvergence, wherein a combination of factors, beyond international best practices, shape HR systems.

We begin by briefly summarizing current knowledge on convergence, divergence, and crossvergence. We then focus on the three above-mentioned knowledge gaps, before proposing a review and research agenda to study each of these topics from a comparative perspective. We conclude with a list of research questions that may help future researchers uncover the nature of comparative IHRM.

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## 2. Convergence, divergence, and crossvergence theories

The convergence perspective posits that as societies become more similar to one another in terms of industrialization and the use of technology, values will eventually converge towards Western capitalism given that this is where most industrialization has traditionally occurred (Ralston, 2008). As it applies to HRM, the question is whether convergence towards such values—if such shift is accepted at face value—would ultimately result in a worldwide convergence of organizational practices, and thus a convergence in HRM. Some scholars assert that this may very well be the case and provide some evidence that this phenomenon is indeed already happening, at least in some HR practices. Chen, Lawler, and Bae (2005), for example, found that high performance work systems by Taiwanese companies were very much in line with practices of multinational corporations (MNCs) suggesting a convergence in that regard. Other scholars however have noted specific areas where there is a directional, though not final, convergence (Brewster et al., 2015). Such findings challenge the case for complete convergence. Besides this, most convergence/divergence studies come from North America and Europe and to a far lesser extent from East Asia or other regions across the world. Very little is known about HR practices in other emerging countries including African, Latin American, and Middle Eastern regions.

The convergence perspective thus remains highly contentious. Not only is there no agreement about whether or not a parallel or similar shift towards the same values is indeed occurring in organizations across the world, there is also no agreement about whether or not such a shift needs to occur in organizational practices. The argument that values are not converging is not a new one. Earlier research in cross-cultural theory (Hofstede, Hofstede, & Minkov, 1991; House, Hanges, Javidan, Dorfman, & Gupta, 2004), and the ongoing search for cross-cultural variations in value structures (e.g., Schwartz & Bilsky, 1990) strongly indicate that—despite technological advancements, globalization forces, and the growing powers of MNCs—people from different cultural and geographical contexts are not the same and HR systems dealing with them are not, and need not be, the same. The established scholarship in international business (IB) about localization strategies, for example, suggests that companies are aware of the need to establish varying competitive strategies to fit different contexts and consumer tastes and behaviors. For internal customers—the employees of the firm, one can assume that the same logic applies.

On the other hand, the argument for using totally different HR systems from one context to another is also a moot point. Brewster et al. (2015) note three distinct differences and three commonalities between developed and emerging economies. The differences highlight that emerging economies generally have (1) different and less stable governmental regimes, (2) a larger informal sector which offers less protection for employees, and (3) different workplace relations based on cultural norms and traditions. The commonalities between the two types of economy include (1) a decline in trade union activism, (2) an increase of job insecurity and work intensification due to company desires for more efficient operations, and (3) skill shortage and imbalance in terms of both supply and demand. While these commonalities and differences suggest a limited scope for convergence, we argue that a closer look into global practices reveals an even more complicated story.

The crossvergence perspective, as far as HR practices are concerned, has been under-studied in HR scholarship. It promotes a ‘best fit’ approach to IHRM. Earlier HR research hints at crossvergence in certain circumstances. Sidani and Al Ariss (2014), for example, suggest that MNCs operate in such a way that certain practices converge (given their global usage) while other practices diverge (given local contexts), thus offering a crossvergence perspective. Brewster, Wood, and Brookes (2008) also find evidence of both similarities and differences in IHRM practices. Brewster (2004) presents a European perspective on human resource management suggesting the existence of institutional and cultural factors that do not conform to a pure convergence theory. Likewise, Rowley and Benson (2002) explore the difficulties and challenges facing HRM convergence theory in the Asian context (Zhang, 2012). Other contributions to the *Human Resource Management Review* also explore the existence of country/region-specific HR practices (e.g. Gooderham & Nordhaug, 2011; Huo, Huang, & Napier, 2002; Mayrhofer et al., 2011; Morley, 2004).

Although the intensity of globalization and market dominance by MNCs could lead to the conclusion that a convergence in HR practices is highly probable, evidence suggests that this is not necessarily the case. MNCs continue to differ in their HR practices as compared to local and regional firms and there is little evidence supporting a widespread trend of globalization of HR practices outside MNCs. On the contrary, there is a strong argument to suggest that local practices tend often to over-rule “best practices” implemented by experienced MNCs. For example, Donaldson (1996), and more recently Sidani and Thornberry (2013), argue that companies often find themselves involved in certain practices that have to accommodate local expectations and thus refrain from enforcing what would be considered best practice by Western standards.

Other recent research has also noted the shortcomings of the convergence argument. Sidani and Al Ariss (2014), in a study about GCC companies, show that international best HR practices are often overpowered by institutional and cultural practices. Sometimes it is the case that global firms would like but are unable to implement their own HR systems. Sometimes MNCs find it beneficial to adhere to the status quo that exists in the countries in which they operate thus refraining from enforcing their global practices. Whether companies should strive to implement their own best practices or not is a subject of both practical and ethical significance. Issues of labor rights including the right of women to participate in the workforce or of children to go to school are at times superseded by institutional factors or demands. Companies which subjugate themselves to the divergence perspective for the sake of maintaining harmony in the face of local pressures run the risk of compromising universal ethical considerations. The question that therefore requires further and deeper attention by researchers is to what extent should MNCs succumb to local market logic and neglect organizational obligations to ensure that treatment of laborers meets universal expectations?

Going forward, we argue that there are three areas that are in critical need for further exploration as they have so far received little research attention, and yet carry important implications.

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