Recent Developments and Emerging Challenges in International Human Resource Management

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Whereas a comprehensive review of the current state and trends of research in International Human Resource Management (IHRM) is clearly beyond the scope of this introduction (for this, see, for example, Schuler, Budhwar and Flokowski, 2002; Scullion, 2004; Björkman and Stahl, 2006; Stahl, Björkman and Morris, 2012), we wish to highlight specific recent developments and emerging challenges for IHRM that appear particularly noteworthy to us.

For many years we have read in reflections about IHRM that this research area is still in its infancy. Frequently this statement has been supported by a quote from Laurent (1986) who made this observation for the first time. However, an almost thirty year old comment about something being in its infancy will surely have reached its expiry date by now. We should acknowledge, and this with some satisfaction and pride, that IHRM has reached its adolescence if not early adulthood after some three decades of targeted research efforts, countless publications, the success of a dedicated journal, the *International Journal of Human Resource Management*, and specialised conferences, workshops, teaching courses and professorships in this area. Three decades of dedicated research in IHRM have not only resulted in a substantial increase in knowledge, understanding and advice being given to practitioners, but also in a gradual broadening of scope with regards to a series of aspects. In the following we will touch upon the following: focus, research topics, research questions, scholarly background of researchers, research boundaries, country of origin of researchers, methods applied and levels of analysis.

In the early days of IHRM research, many corporations combined their international activities in an international division which also was responsible for the control of foreign subsidiaries. Subsidiaries had to be staffed with expatriates who manage the subsidiaries. As such the focus of IHRM was very much on expatriation. Initially, the selection of expatriates stood in the foreground, a research topic to which subsequently other functions such as training, performance appraisal and compensation were added. The underlying research question was mainly limited to how expatriates could best adapt and adjust to their local environments to overcome their liability of foreignness.

Given the emphasis on classic HR functions, most IHRM research was conducted by scholars with a clear HR scholarly background. Boundaries existed primarily with regards to the areas of non-international or domestic HRM and comparative HRM, but also with cross-cultural management. Furthermore, in the early days most IHRM research came out of the US, resulting in a clear emphasis on expatriates of US American, Anglo or at least Western corporations. In terms of methods, research was almost exclusively quantitative, hypothesis testing and cross-sectional. Regarding the level of analysis, we would argue that most studies took place at the meso, or organizational level (including organizational units such as foreign subsidiaries), while in particular comparative studies also operated at the macro level.
We believe that since its early days of the 1980s the scope of IHRM research has substantially expanded. Traditional parent-country expatriates might still be a major focus (see also the article by Malek, Budhwar and Reiche in this special issue), but this has now been extended to other international actors: to inpatriates, repatriates, third country nationals, local personnel of foreign subsidiaries and self-initiated expatriates. More recently, the sub-discipline of global leadership has emerged from this research on international actors in the upper echelons of organisations. In addition, research topics are not limited to the management of these international actors anymore, but have also come to include various additional topics. We only mention here knowledge management, change management, the management of joint ventures and of multinational teams, the management of post-merger and -acquisition processes, the transfer of management practices within a global corporation and the definition and implementation of the strategy of a global corporation. With such a wide, complex and dynamically evolving range of topics which IHRM has begun to address, we have to acknowledge that a clear definition of any overarching research questions of IHRM is hardly possible anymore (however, see Björkman and Welch in this special issue). Whereas such fragmentation and lack of cohesion in terms of research questions can be deplored and has been equated to a loss in direction (Buckley, 2002; Buckley and Casson, 2009), this can also be seen as a logical consequence of the growing relevance and the widening spectrum of IHRM research.

An interesting development has also taken place in terms of the scholarly background of IHRM scholars. Of course, mainstream HR scholars still feature prominently in the field. However, with increasing scholarly specialisation, many researchers have already started their career in IHRM of which they never ventured out and, hence, have only few links to their domestically-focused HR colleagues. Furthermore, with the widening of the IHRM focus, topics and research questions and, in addition, the increasing relevance of the resource based view (Barney, 1991) for understanding the management of global firms, international business scholars have also come to investigate IHRM questions and their journals have become major outlets for IHRM research. With a stronger emphasis on psychological effects at the micro level and comparatively less attention being paid to institutional effects at the macro level, the boundaries between IHRM and organisational behaviour scholarship have also become less distinct. In addition, strategy researchers, who developed such seminal concepts as the geocentric corporation (Perlmutter, 1969), the heterarchy (Hedlund, 1986) or the transnational company (Bartlett and Ghoshal, 1989), have all come to understand the importance of human resources for global corporations and thus included aspects of IHRM as centrepieces into their respective conceptualisations. One could gain the impression that IHRM has ultimately become too important to be left to IHRM scholars alone, just like the management of human resources in companies might have also become too important to be left only to members of the HR department.

As a consequence, the boundaries of IHRM are also more difficult to draw: next to non-international or domestic HRM, comparative HRM (see also Vaiman & Brewster in this special issue) and cross-cultural management, we have to increasingly consider the areas of international business, organisational behaviour and global strategy, all of them partially overlapping with IHRM. The emerging domain of language differences (instead of cultural
differences) also has close links to IHRM. Furthermore, the dominance of US American IHRM scholars, while still existing, has weakened to some degree with more and more research coming from other regions of the world. Nevertheless, one might question whether this necessarily goes along with a dissemination of different research approaches or whether we witness isomorphic pressures to conform to specific scholarly approaches due to the persisting dominance of US-based research (Pudelko and Harzing, 2007). Moreover, we observe that IHRM research increasingly ventures out to apply different research methods. Studies are still predominantly quantitative, hypothesis-testing and cross-sectional, but we also witness an increasing amount of qualitative, theory-generating and case-study based research. This might be a consequence of the growing overlap between IHRM and organizational behaviour topics (this special issue features three qualitative papers, those of Hajro, Moore and Söderberg, all of them being single case studies). Finally, in terms of level of analysis (see also Björkman and Welch in this special issue), we posit that in addition to studies at the macro and meso levels, we increasingly observe studies at the micro, or personal level which includes both interpersonal (for example multinational teams) and intrapersonal investigations. This move towards the micro level might again be related to an increase of organizational behaviour studies overlapping with the domain of IHRM.

To bring the transformation of IHRM from its days of infancy to those of early adulthood to the point, we could speak about a process of unsystematic enrichment. Enrichment, because the increase in knowledge, understanding and advice being given to practitioners, which also entailed an increasing scope and diversity of IHRM research in terms of focus, topics, research question, scholarly background of researchers, research boundaries, country of origin of researchers, methods applied and the level of analysis, was certainly beneficial for the domain. Unsystematic, because the growing diversity quite naturally went along with a certain loss in direction and cohesion. Thus, IHRM is confronted with two, opposing forces: on one side we witness a continuous and multifold expansion if not diffusion of this research domain that increasingly cross-fertilises and overlaps with related disciplines, while on the other side there is a clear necessity to refocus and redefine the core of IHRM in order not to lose direction and, ultimately, impact. Hence, we call for a clarification along both paths: towards delineation (what can IHRM studies achieve that related disciplines cannot and vice versa) and towards integration (what are the topics and research questions that should best be addressed through joint efforts). For both kinds of research efforts a higher degree of conceptual clarity would be desirable (Pudelko, Tenzer and Harzing, forthcoming).

Overall, we agree with the positive picture drawn by Lazarova (2006: 43) who stated that “as an area of research, IHRM is vibrant and diverse”. At the same time, we also see a series of challenges lying ahead. In the areas of strategy, international business and organisational behaviour there is a clear expectation, which appears to take hold of IHRM as well, that outstanding research, deemed publishable in the leading journals of each respective area, should generate new theory (although it may subsequently never be tested). We wonder, however, whether this perceived necessity to generate new theory is always justified or whether we cannot also gain relevant insights from descriptive and comparative work. Hence, we concur with Hambrick (2007: 1346) who posed the question whether in management studies, the “devotion to theory [is] too much of a good thing”, speaking of having “gone
overboard in our obsession with theory”. We posit that good IHRM research should primarily assist us to make sense of empirical phenomena and this includes theory-generating as well as ‘merely’ descriptive studies.

A further challenge we see is that IHRM research is in need to (re)discover context. Cultural differences are more multifaceted than the country scores of one to four of Hofstede’s dimensions being plucked into a regression. This becomes particularly critical if such scores are further reduced to cultural distance scores between countries (see also the paper by Beugelsdijk, Maseland, Onrust, van Hoorn and Slangen in this special issue). Moreover, cultural differences might not only be of relevance between countries but also between regions within countries (see Peterson and van Iterson in this special issue). Furthermore institutional differences (see also the contribution by Vaiman and Brewster in this special issue) are all too often neglected in IHRM studies, possibly as they cannot be as neatly reduced to a few country scores as cultural differences can. Knowing about country-specific context and determining which contextual particularities are relevant for which research question requires an in-depth understanding, which internationally oriented scholars in particular should possess and consider as their comparative advantage. Another related challenge we see is that IHRM research should become more pluralistic and be less pressured to conform to US American perspectives and standards (see also Tsui, 2007) and be given more room to encompass various indigenous viewpoints and approaches.

Even with regard to the original research question of IHRM – the question of how expatriates can best adapt and adjust to their local environments to overcome their liability of foreignness – scholars have called for considering in more depth the role of context (e.g., Mayrhofer & Reiche, 2014). Further, while this question remains of relevance and, hence, continues to be discussed, we suggest a change of perspective in our research efforts. Instead of perceiving foreignness as a liability that is best overcome by adaptation and adjustment to the host culture to increase the “functionality” of international employees, we encourage scholars to explicitly acknowledge and study the advantages of an internationally diverse workforce. Here, we primarily think about advancing creativity, knowledge exchange, mutual learning, organisational change and innovation, overcoming the perennial opposition of local responsiveness and global integration and of convergence and divergence, as well as facilitating the transfer and, more importantly, the generation of best practices in order to create a sustainable competitive advantage.

Finally, if we think more about newly emerging biographies, lifestyles and career patterns by taking biculturals, bilinguals, self-initiated expatriates and boundaryless careers into consideration, then we might have to ask ourselves to which extent the clear-cut differentiation between native and foreign still reflects the reality of the workforce of today’s multinational corporations. Consequently, we wonder whether the concept of liability of foreignness needs to be replaced or at least supplemented by the concept of what we call an asset of globalness. This asset of globalness might come to distinguish a truly global company from a domestic and also from an international (ethnocentric) or multinational (polycentric) company. In an increasingly global world this asset might ultimately become the key factor of
generating a sustainable competitive advantage for companies. In our eyes IHRM is predestined to address this issue.

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Our first two contributions, those by Björkman and Welch as well as Vaiman and Brewster, equally provide further reflections about the current state of research in the domain of IHRM and the emerging challenges for IHRM. More specifically, both provide a conceptual account of the degree to which cultural as opposed to institutional differences can contribute to explaining people management issues in MNCs. The starting point for Björkman and Welch is the growing scope and diversity of IHRM which we have also outlined above. They present an overarching framework that provides an explanation for this increasing diversity in our research area, while also helping to prevent unnecessary fragmentation of the field. Led by the guiding question of how people are managed in MNCs and what the principal outcomes of people management in MNCs are, the authors review existing IHRM research along four different levels of analysis: a macro level that encompasses countries, regions, and industries, the organizational level of the MNC, the unit level typically representing the subsidiary, and the individual level including teams, employees, and their family members. For each level, Björkman and Welch discuss the most prominent (1) influencing factors, (2) the structure, intellectual capital and roles played by the HR department as well as the level-specific HR policies and practices, (3) proximal outcomes of HRM, and (4) distant outcomes of HRM. This organizing frame not only provides a useful schema for comparing and contrasting existing research but it also pinpoints important areas for future research. Among others, the authors call for more macro-level research on the interaction between national institutional/cultural factors and industry-level factors to produce the HRM function that can be observed in different countries. There is also a need to examine in greater depth whether and how MNCs attempt to link their strategy and various aspects of HRM – and the actual extent to which strategy variables are systematically related with HR policies and practices at different levels of analysis in MNCs.

Whereas Björkman and Welch have cast their net intentionally wide, Vaiman and Brewster focus on one particular macro-level influencing factor for IHRM: the role of institutional and cultural differences. In doing so, the authors contribute to the longstanding debate over the extent to which cultural (Reiche, Lee and Quintanilla, 2012) as opposed to institutional (Wood, Psychogios, Szamosi and Collings, 2012) approaches are relatively more appropriate to explaining why HRM differs across geographical locations. Positioned within this debate, Vaiman and Brewster use the lens of organizational agency to discuss how the two approaches provide varying degrees of latitude for the design of HRM in MNCs. Specifically, the authors argue that organizations will, for a large part, have relatively more influence over the effect of cultural as opposed to institutional factors, for example by recruiting and selecting local employees that are culturally untypical for the wider local environment and, in fact, share cultural values with those of the organization, or through systematic induction and socialization programs. By comparison, the authors reason that cultural differences will be most significant for HRM in areas where institutional requirements are less restrictive, such as in training and communication, personnel selection, and talent management. Together, this
requires scholars to provide a more explicit and fine-grained theoretical analysis of the connections between cultural and institutional factors that are salient in their research studies.

The third contribution by Beugelsdijk, Maseland, Onrust, van Hoorn and Slangen is a methods paper that directly links to Vaiman and Brewster’s notion of organizational agency in dealing with national cultural differences in cross-border activities. The authors conceptualize organizational agency in the form of within-country variation of cultural values, which allows MNCs latitude in terms of where in a foreign country to set up their operations and which employees to select. Given such variation, the authors question the widespread use of traditional mean-based measures of cultural difference based on Kogut and Singh’s (1988) mean-based index of cultural distance, and propose the use of variance-based measures of cultural distance. Beugelsdijk et al. then go on to empirically demonstrate the superiority of variance-based measures, drawing on a sample of total US foreign affiliate sales in more than 40 host countries over a 25-year period, complemented with data from the World Values Survey. Their findings not only indicate that, when within-country cultural variation is taken into account, the explanatory power of the Kogut and Singh (1988) index is substantially decreased, but that the proposed variance-based measure of cultural distance outperforms the Kogut and Singh (1988) measure in the explanation of foreign US sales. While the study provides convincing evidence to international management scholars for more explicitly accounting for the variation that occurs within countries, this notion is particularly relevant for the field of IHRM, one of whose main foci should be on the individual employee and individual heterogeneity within MNCs more broadly.

The contribution by Hajro provides a qualitative process analysis of a merger between an Austrian and a German energy provider. Responding to calls for further exploring the cultural dynamics in mergers and acquisitions (M&As), Hajro uses a longitudinal case study design to examine how national and organizational cultural differences affect M&A outcomes and how socio-cultural integration processes mediate this relationship. Specifically, she draws on participant observation and 71 problem-centred interviews with employees from both the acquired and acquiring organizations at four different points of time: immediately before the takeover and during the first negotiation talks, as well as one, three and six years after the takeover. Based on the analysis of critical incidents, the author identifies relevant cultural predictors of socio-cultural integration processes, which were conceptualized as the formation of interpersonal relationships, trust and shared identity. At the same time, Hajro’s findings reveal how these socio-cultural integration processes in turn influence the level of cooperation, perceived stress, resistance, and turnover rate among employees in the merged entity, pinpointing the persisting negative consequences of the merger over time. An additional strength of her paper is her focus on interviews with both those employees that remained and those that left the merged company, avoiding some of the selection biases inherent in previous M&A research.

The ensuing contribution by Moore provides, based on an ethnographic approach, in-depth insights into a particular case of cross-cultural diversity management. The setting of Moore’s case study is the British plant of what is now the German BMW MINI corporation where the iconic MINI car is manufactured. Moore investigates the reactions of local employees towards
the efforts of the German management to increase female workforce participation in their plant. She finds that German ‘native categories’ (Buckley and Chapman, 1997) relating to female car factory workers are only superficially similar to, but practically different from, British ones and that German native categories underwent a process of ‘recontextualisation’ (Brannen, 2004) when being transferred into the British cultural context. This implies that any attempt to transfer foreign concepts, policies or practices from one cultural context to another can meet hidden barriers through the reinterpretation and, hence, alteration of these concepts, policies or practices. Thus, even if local employees are not opposed to such a transfer and might even welcome it, it could still fail to reach the originally intended results. Hence, this paper provides valuable and cautionary lessons for any study dealing with the transfer of concepts, policies and practices across cultural boundaries.

Søderberg’s study continues examining the concept of recontextualisation: her paper investigates how a specific strategic concept, developed for the purpose of global integration at headquarters of a Danish multinational (the Carlsberg Group), was recontextualised by expatriate managers, local managers and local employees when being transferred to subsidiaries in China and Malaysia. The study also describes that top management at headquarters and the foreign subsidiary management understood how important local ideas and adaptations are in adopting a centrally developed strategic concept. As a consequence, the recontextualisation process has been facilitated and moderated by headquarters staff, making the transfer of the strategic concept ultimately a success. Both Moore’s and Søderberg’s articles provide us with important lessons: they demonstrate that the sensemaking process of concepts or strategies always depend on the local context managers and employees find themselves in and, consequently, how the outcome of sensemaking processes changes when these concepts or strategies are being transferred from one cultural context to another. From a methodological point of view, the papers by Hajro, Moore and Søderberg illustrate how critical it is for IHRM scholars to broaden the scope of research methods they apply. In these three articles, participant observation and interviews were particularly suitable to tease out the in-depth information that allowed the authors to develop their conceptualisations and conclusions.

Malek, Budhwar and Reiche’s contribution focuses on two critical phenomena in the field of IHRM: expatriate adjustment and performance. While a large body of research has already examined predictors and correlates of expatriate adjustment and performance, the domain has remained largely expatriate-centric (Takeuchi, 2010), with little attention to the distinct role, influence and support of various relevant stakeholders that can facilitate the experience of the employee. Considering the potential support of multiple stakeholder groups is however even more critical given the increased focus on international assignments to culturally and institutionally more challenging destinations (Brookfield Global Relocation Services, 2013). Malek et al. address this gap in the literature by drawing on a matched sample of 134 foreign expatriate-spouse dyads assigned to Malaysia, which constitutes both an emerging and “tough” country context. Using an anxiety/uncertainty management theory lens, the authors conceptualize how perceived organizational support and host country national social support relate to expatriate performance, mediated by expatriate and spouse adjustment. The results indicate that the sources of support differ in their relative importance for expatriates and their
spouses, with perceived organizational support more relevant for expatriates and host country national social support more critical for their spouses. However, considered as a family unit and given the benefits of spouse adjustment for expatriates, both sources of support are in fact complementary. A multiple stakeholder perspective is hence able to provide a more comprehensive picture of the various sources of support that expatriates can draw from during their relocations.

The final article of this special issue, written by Peterson and van Iterson, makes an important contribution by directing attention to cultural differences between regions within nations, thus questioning whether the usual exclusive focus of IHRM, comparative HRM and cross-cultural HRM on national differences is fully justified. It does so by comparing work goals between Dutch and Germans and, in addition, between regions within these two countries, drawing on data from the World Values Survey. The authors suggest religious heritage and urbanization as key antecedents of within-nation regional differences in work goals. Their empirical data reveal that the largest differences in work goals are still those between the two countries and not between regions within them. Consequently, Peterson and van Iterson provide a justification for the predominant focus of comparative studies on national cultures. Furthermore, it is worthwhile noting that their study sample is a conservative one, in that it is based on two countries with relatively closely related cultures. One could argue that countries which culturally differ more than the Netherlands and Germany should indicate even more variability between (compared to within) them. Hence, while the authors also find sufficient variability among within-country regions to suggest that scholars and HR managers should pay attention to regional cultural differences, they provide us with the important finding that cultural boundaries between countries still seem to be most relevant. This is a reassuring finding for scholars of IHRM, comparative HRM and cross-cultural HRM who study cross-national differences.

Overall, this remarkable set of papers assembled in this special issue provides an excellent illustration of the broadening of scope of IHRM that we have described in this introduction. As such these papers are perfect examples for the vigor and the creative power IHRM has developed over the last decades as an academic discipline and we are confident that more inspiring and useful insights will still be emerging from this research area.

References


