Part I

METHOD AND RESEARCH LENSES

1

Integrating People, Process, and Context Issues in the Field of IHRM

PAUL SPARROW

DEFINING THE TERRITORY FOR INTERNATIONAL HRM

Schuler, Sparrow and Budhwar (2009) have recently explained and positioned the different views that have existed about the nature of International Human Resource Management (IHRM). From the mid-1980s to the turn of the 1990s the field was considered to be in its 'infancy' (Laurent, 1986). In bringing a degree of structure through the introduction of a new journal – the *International Journal of Human Resource Management* – Poole (1990: 1) saw IHRM as "... the worldwide management of people in the multinational enterprise". However, since these early beginnings, there has been both an evolution of territory covered by the field and more critical discussion of whether this evolution has been toward an expanded field, or represents a process of fragmentation.

The critical argument runs as follows: the field has since become fragmented, the majority of theories have been created outside the field of IHRM, and this has created an experimentation and abstractness in thinking that merely confuses the identity of a field (Peltonen, 2006; De Cieri *et al.*, 2007; Hippler, 2008). For example, De Cieri *et al.* (2007) question the calls for greater integration of theory and research emphasis within the field. They argue that globalization – when seen in terms of the worldwide flow of capital, knowledge and other resources necessary to interconnect international product markets – is associated with concomitant processes involved in the growth in scope and scale of competition (Harzing, 2002), and that this is increasing the requirement of IHRM academics to understand the (many) ways in which multinational corporations (MNCs) operate effectively. Drawing principally upon previous reviews by Schuler, Budhwar and Florkowski (2002) and Scullion and Paauwe (2004), De Cieri *et al.* (2007) go on to analyze recent research and practice in the field of IHRM and question its theoretical progress. They argue that rather than integration, imitation is becoming more important – as

Handbook of International Human Resource Management. Edited by Paul R. Sparrow

greater attention is given to the politics of globalization and local context – and rather than attempt to integrate ideas and claim more encompassing approaches we should draw reference from theory in existing practices and disciplines that help to explain the complex problems (and often dysfunctional impacts) faced when trying to manage across national boundaries.

In contrast (though to be fair, these authors share some of the sentiment of a critical perspective) the evolutionary view of the field (Stahl and Björkman, 2006; Sparrow and Braun, 2008a, b) considers that IHRM has moved not through a haphazard and opportunistic expansion, but through a sequential development of thinking that has captured the successively evolving cultural, geographical and institutional challenges faced by the MNC, and that while IHRM indeed now covers a large and complex territory, it has come to represent an accepted set of doctrine about the nature of the subject. This observation that there is a logical pattern to the 'issues-driven' concerns that the field of IHRM has to face, absorb, interpret then reanalyze through international lenses has driven the selection of contributions to this volume, with a number of contemporary issues – reverse knowledge flows, skill supply strategies, employer branding, e-enablement, outsourcing, global networks – now needing to find voice within the literature.

In tracking the evolution of definitions, Scullion (1995, 2005) observes that while there has been little consensus, definitions have broadly concentrated on examining the HR issues, problems, strategies, policies and practices that firms pursue in relation to the internationalization of their business. Drawing upon Schuler, Budhwar and Florkowski's (2002) view, Scullion (2005: 5) observes that IHRM has encompassed the need to understand "... how MNCs manage their geographically dispersed workforce in order to leverage their HR resources for both local and global competitive advantage".

As a subject matter Briscoe and Schuler (2004: 1) note that IHRM therefore has to be "... about human resource management in an international environment ... problems created in an MNC performing business in more than one country, rather than those posed by working for a foreign firm at home or by employing foreign employees in the local firm". Peltonen (2006: 523) draws attention to the need to understand both the design of, and effects of, solutions to these problems: IHRM is "... a branch of management studies that investigates the design of and effects of organizational human resource practices in cross-cultural contexts". By similarly concentrating on a problem solution approach to IHRM – i.e., by focusing on the issues created as a consequence of internationalization in the conduct of business operations – Dickmann *et al.* (2008: 7) see IHRM as necessarily entailing exploration of "... how MNCs manage the competing demands of ensuring that the organization has an international coherence in and cost-effective approach to the way it manages its people in all the countries it covers, while also ensuring that it can be responsive to the differences in assumptions about what works from one location to another". Two other contributions can be seen to adopt a similar perspective. Dowling, Festing and Engle (2008: 293) bound IHRM as "... the implications that the process of internationalization has for the activities and policies of HRM" while Sparrow and Braun (2008a: 96) define it as "... the ways in which the HRM function contributes to the process of globalization within multinational firms".

Territorial Expansion within the IHRM Field

Given an increasingly complex set of contextual factors, as the IHRM field has expanded, and the problems of internationalization have become more deeply embedded within organizations, the field has also expanded to include '. . . all issues related to the management of people in an international context . . . [including] human resource issues facing MNCs in different parts of their organizations . . . [and] comparative analyses of HRM in different countries' (Stahl and Björkman, 2006: 1). Reflecting this broader territory, for Brewster, Sparrow, and Vernon (2007: 5) the field is best understood as a combination of three separate territories or literatures: 'the subject matter of IHRM is covered under three headings: cross-cultural management; comparative human resource management; and international human resource management'.

There is little new in trying to carve out the different branches of the field. Werner (2002) carried out an analysis of the research that has been published in the field of international management. He concentrated his analysis on research that has looked at the management of firms in a multinational context by analyzing systematically research published in the top US journals, i.e., the discourse that is important within the US (and increasingly non-US) academic promotion system. It should be noted that the list of journals relevant to the US career system excludes many relevant journals for the field of cross-cultural management such as *International Journal of HRM*, *International Journal of Cross Cultural Management* and *Applied Psychology: An International Review*. His analysis provided us with a clear picture of the field as it was traditionally defined. Early international management research could broadly be divided into three categories:

1. Studies that look at the management of firms in a multinational context, i.e., the international aspects of management that do not exist in domestic firms, such as the internationalization process, entry mode decisions, foreign subsidiary management and expatriate management.
2. Comparisons of management practices across different cultures (cross-cultural studies) and nations (cross-national comparisons).
3. Studies that look at management in specific (single) countries within the domain of international management (in order to overcome the bias of early work that had a North American perspective).

Werner (2002) contended that the field, as defined by 271 articles, could be broken down into 12 domains:

- *Global business environment:* threats and opportunities of global economy, global markets, political and regulatory environments and international risk.
- *Internationalization:* descriptions and measurement of internationalization as a process, its antecedents and consequences.
- *Entry mode decisions*: predictors of entry mode choices, equity ownership levels and consequences of entry mode decisions.

- *Foreign direct investment (FDI):* timing, motivation, location and firm and host country consequences of FDI.
- *International exchange*: international exchange, determinants of exporting, export intermediaries and consequences of exporting.
- *International joint ventures (IJVs)*: partner selection, partner relations and consequences of IJVs.
- *Strategic alliances and networks:* alliance relationships, networks and outcomes of strategic alliances.
- *Transfer of knowledge:* antecedents of knowledge transfer, processes and consequences of transfer.
- *Multinational enterprises (MNEs)/multinational corporations (MNCs):* multinational enterprise strategies and policies, models of MNEs.
- *Subsidiary-HQ relations*: subsidiary role, strategies and typologies, subsidiary control and performance.
- *Subsidiary and multinational team management*: sudsidiary HRM practices, subsidiary behaviors, multinational negotiations and multinational team management.
- *Expatriate management*: expatriate management, issues for expatriates, expatriate and repatriate reactions.

Reflecting the direction of the broader field of international management, early research in the subset field of International Human Resource Management (IHRM) also focused on the role of multinational corporations (MNCs). Finding and nurturing the people able to implement international strategy was seen as critical for such firms and considerable attention was given to the management of expatriates. IHRM was considered to have the same main dimensions as HRM in a national context but to operate on a larger scale, with more complex strategic considerations, more complex coordination and control demands, and some additional HR functions considered necessary to accommodate the need for greater operating unit diversity, more external stakeholder influence, higher levels of risk exposure, and more personal insight into employees' lives and family situation (Dowling *et al.*, 1998). Research therefore focused on understanding those HR functions that had to change when firms became international. It began to identify important contingencies that influenced the HR function as it became more internationalized, such as the country in which the MNC operated, the size and life cycle stage of the firm, and the type of employee (parent company national, home country national and third country national). IHRM, then, focuses on how different organizations manage their people across national borders.

In the Comparative HRM (CHRM) field (generally but not exclusively of more interest to European researchers, but a different field in its own right) research traditionally incorporated a country comparison perspective, asking the following questions: How is HRM structured in individual countries? What strategies are discussed? What is actually put into practice? What are the main differences and similarities between countries and to what extent are HR policies influenced by national factors such as culture, government policy, educational systems? The bulk of work in the CHRM field has then concentrated on the culture-bound versus the culture-specific thesis; consideration of which HRM practices are more or less culture sensitive; and an empirical examination of patterns of convergence or divergence in HRM practices across national borders. Returning to Werner's (2002) outline of international management research, the CHRM field has covered his second and third categories, i.e., comparisons of management practices across different cultures and nations and studies that look at management in specific (single) countries. It concentrates (still) on how people are managed differently in different countries by analyzing practices within firms of different national origin in the same country or comparing practices between different nations or regions.

More Critical Voices

More critical comments about the most appropriate territory to cover and levels of analysis to adopt are inevitable, given this expansion. As attention turns from the mechanisms of policy and practice needed to specifically manage international cadres of people and internationalizing organizations, toward the need to understand any one policy and practice in its broader international context, the reality is that almost any academics (or academic field with which they identify) may feel that they have something to say about the phenomena (this observation could be applied to any core area of functional practice and policy, such as IT, marketing, or finance).

Reflecting on calls for more critical analysis of the field (De Cieri *et al.*, 2007), we have to ask: To what extent do attempts at theoretical integration answer legitimate needs (a one-last heave approach aimed at linking some of the most viable theories prevalent in the field), or from a post-modernist perspective, a misguided attempt at all-encompassing explanation that seek stable truths in a topic best understood through more modest and temporary sets of assumptions and reflections on complex and unpredictable change processes? Or, can it be argued that recent calls for more critical examination of the field, and discussion of issues such as the impact of power, domination or ideology on core IHRM topics such as expatriation and HQ-subsidiary relationships in MNCs (see, for example, Peltonen, 2006) merely reflect the natural inclinations and hobbies of researchers trained in broader disciplines (such as sociology), and as such should only be of passing interest and note to researchers operating at a different level of analysis? The counter argument to a critical view, of course, is to point out that a critical view is generally only of interest once every five years or so (it serves to remind researchers of some broader truths and acts as a health check), but once said, it has little more of importance in terms of illumination for what in the main are more immediate issues-based problems being researched by IHRM academics. In other words, critical views merely reflect a natural acknowledgment that we are examining organizational issues that are of high complexity, in an environment of changing context, and with questionable assumptions about the existence of rules of the past that can be generalized to future actions, and therefore concerns that there are too many predictable and contingent solutions that can help organizations to explain how best they can solve IHRM problems.

A Reassertion of Institutional Perspectives

Recently considerable attention has been given to the impact of institutions on international business (see, for example, Henisz and Swaminathan, 2008; Peng *et al.*, 2008). The argument is that international business is embedded in a system of transactions between parties that reside in different nations and that this requires an understanding of the institutional characteristics that alter the costs in engaging in business activity in one nation compared to another. All aspects of MNC behavior – choices about location, how they organize local subsidiaries, choices made about technology, capital and labor, and choices made about investments and strategies, are subject to institutional variation. We have to understand the 'rich constellation of interdependent structures and systems within a country, across dyadic pairs of countries, and at the level of the international state system' (Henisz and Swaminathan, 2008: 539), how senior managers respond to such institutional variation (and whether this determines success or failure), and the performance implications of any specific policy or practice in both home and other-country environments. The messages for IHRM research seem to be self-evident from this specification for broader international management research.

Reflecting this need to incorporate institutional levels of analysis, some recent IHRM volumes have taken a more contextual approach, placing organizational action within broader institutional frameworks. So, for example, Edwards and Rees (2007: 22) see IHRM as requiring an understanding of "complex relationship between globalization, national systems and companies" which provides us with "four distinct 'levels of analysis' for interpreting and understanding HRM strategies and practices [the globalization effect, the regional effect, the national effect, and the organization effect]".

The key questions for academics is to decide when such expansion and evolution of definition represents legitimate development of a core concept, or at what point it merely signals the 'muscling in' to a territory of academic discourse from other, essentially separate, disciplines, who now feel empowered to say something? Is a more inclusive discourse beneficial and enriching, should it be a sign of weakness and incoherence?

One way of thinking about this is to consider the underlying theories that have come to dominate thinking. Given this evolution of definition, not surprisingly there are perhaps 20 theories that have featured in the core literature (Sparrow and Braun, 2008a). These include, in broad sequence over time: life cycle models of internationalization; organization design and information processing perspectives; theories of socialization and lateral coordination; contingency models of integration and differentiation; resource dependency theories of power and control of resources; the resource-base of the firm and capability development; knowledge management and organizational learning theories; relational and social capital theory; and the recent re-emergence of attention to institutional theory. As the challenges of internationalization have become more complex, there has been a "transfusion" of ideas across these theories (Sparrow and Braun, 2008a: 96) as researchers have attempted to better understand organizational behavior. The task of producing a grand theory that brings together the diverse perspectives inherent in these theories is therefore neither feasible nor desirable – by their nature they each shed light on the many different processes and phenomena that come to the fore as HRM is managed in an international context. However, if one links these theories to the sorts of organizational problems they help to solve – and I argue here that there has been a clear logic to the successive problems that the internationalization of people management have revealed over time – then the value each theory brings to the analysis of these problems becomes clear.

To summarize, the broad evolution has been to encompass (previously separate) fields of comparative and cross-cultural management into the originally more prescribed field of international HRM. This broader, more encompassing field could also be described these days as CIHRM (comparative and international human resource management).

Firm-Level Globalization Processes

Coming from the perspective that IHRM must focus on the ways in which the HRM function contributes to the process of globalization within multinational firms, Brewster *et al.* (2005) use data from a multi-method study of globalization of HRM processes at firm level to advance a model of factors involved in this process. Based on a survey of 64 MNCs, a survey of 732 HR professionals and seven longitudinal case studies, they use principal components analysis to identify five organizational drivers of IHRM: efficiency orientation, global service provision, information exchange, pursuit of core business processes, and localization of decision making. They separate out three enabling factors, called HR affordability, a central HR philosophy, and HR knowledge transfer. Cluster analysis is then used to show the presence of different combinations or 'recipes' of these factors across the organizations. They advance the argument that the added value of IHRM functions lies in their ability to balance coordination and local sensitivity and that a global HRM strategy can be seen in many firms, whereby they are managing HRM processes through the application of global rulesets, but that far from any universalistic strategies, we see complex combinations of optimization and standardization strategies applied to these global HR rulesets. They argue that attention also needs to be given to a range of processes that lead to renewed global coordination of HRM, such as e-enablement, employer branding, and skill supply strategies. The implications of such developments for structures, strategies, and processes need to be understood.

For De Cieri *et al.* (2007: 284) the term 'global' rather than 'international' used by these researchers reflects the view that IHRM has become "...a key aspect of MNE strategic planning and implementation" and part of a bigger set of questions aimed at understanding "...what determines the international success and failure of firms". Big theory, they argue, does not assist us in answering such questions.

This observation is clearly supported by a range of other studies that have recently addressed these factors. Pudelko and Harzing (2007) remind us that, at the country level, the debate has always been about convergence or divergence of HR practice while at the organizational level it has been about standardization versus localization of practice, with standardization (at least theoretically) either being

P1: JYS
c01 JWBK355-Sparrow April 3, 2009 7:59 Printer Name: Yet to Come

based on a country-of-origin effect or a dominance effect (whereby superior performance may elevate any country into a dominance effect based on assumed best practice). Their study of survey data from 849 HR managers in nine groups of companies headquartered in, and with matched subsidiaries in, the US, Japan, and Germany, found that sudsidiaries in the three different countries acted differently. US multinationals were localizing practices to a degree in Japanese sudsidiaries, and significantly in Germany. Motivations for localization also differed: Japanese sudsidiaries in the US localized for dominance reasons but localized in Germany for local institutional reasons. The subsidiary's strategic role has much importance.

Much is understood, for example, about how MNC headquarters export and diffuse HR policies and practices out to subsidiaries, but less has been writen about reverse diffusion processes, whereby advances in sudsidiaries influence other parts of the MNC operation. Bouquet and Birkinshaw (2008) note that the attention of executives at corporate headquarters is scarce and ask how do subsidiaries gain attention? Their survey of 283 subsidiaries suggested that the answer depends on weight (the structural position that a subsidiary occupies within the corporate system) and voice (the strategies used to gain attention), the success of the latter depending on geographic distance and its type of competence (with manufacturing, R&D, strategic support services or centres of excellence with knowledge that can be leveraged into other markets gaining most attention).

Dickmann and Müller-Camen (2006) argue that we have several typologies of MNCs based on strategies and structures – these serve some purpose in demonstrating the complex processes at play – but most of these HRM-based typologies are either theoretical, or are only loosely based on empirical evidence. A universalistic perspective over-emphazises commonalities in strategy and technology, while a concentration on institutional factors and business systems risks seeking self-confirmatory evidence of key national characteristics. They argue for a process perspective (focusing on broad processes such as innovation or lateral coordination) as a way of understanding patterns of IHRM. They use a two-dimensional matrix of standardization/uniformity versus knowledge networking to categorize IHRM. Six case studies, based on large German MNCs operating in Germany, the UK, and Spain, are used to operationalize this taxonomy of IHRM strategies and policies. Ninety-eight interviews are used to differentiate four levels of evidence across each dimension of the matrix. They argue that the combination of high knowledge networking, but low levels of standardization, is an under-researched type of IHRM strategy.

Similarly, Farndale and Paauwe (2007) call for a deeper examination of how multinationals balance the dualities between producing similarities or maintaining differences in global HR practices, and how both sets of practices respond to either competitive or institutional pressures. Summarizing a range of theories applied to HRM (such as neo-institutional theory, the resource-based view of the firm, strategic balance theory, human agency, and strategic choice) they argue for a more contextual understanding of the competing drivers for change in HRM. The collaborative research project across four universities produced interviews with 214 people in 17 countries from 14 case study organizations. Talent management, job postings and expatriate management were the most common globally coordinated practices, with continued country differentiation in terms of, for example, employee relations, graduate resourcing and so forth. Organizational heritage (actions initiated for internal cultural and historical reasons) were also evident, as was the idiosyncratic impact of dominant global HR coalitions (senior management actors). At the global level external competitive pressures (and imitation behavior such as benchmarking) drove practice, while at the national level institutional pressures were still prevalent. The unsurprising conclusion of the research was: ". . . given the multitude of contextual factors and strategic choice opportunities, it is not surprising that the HR practices across these high-performing firms were found to be both similar in some respects and vary in others at the global and the national level" (Farndale and Paauwe, 2007: 371).

Outlining the Research Agenda

This volume is divided into four parts. Part I contains a number of chapters that help to establish important research lenses that may be brought to the field of International HRM. These include the need to understand and develop theories that cross multiple levels of analysis, the lessons not just from international management but also from a comparative management perspective, and the changing assumptions about the role of national culture in modern workplace settings. Parts II, III, and IV then cover three different levels of analysis and the interplay between them: Individual (People), Firm-level (Process), and Societal (Context). Each of these levels of analysis needs to be applied over time to what is a dynamic field. The key groups of people central to international organizations, the processes being used at firm-level to help to globalize HRM and the contextual factors and societal pressures have all developed and changed in recent years.

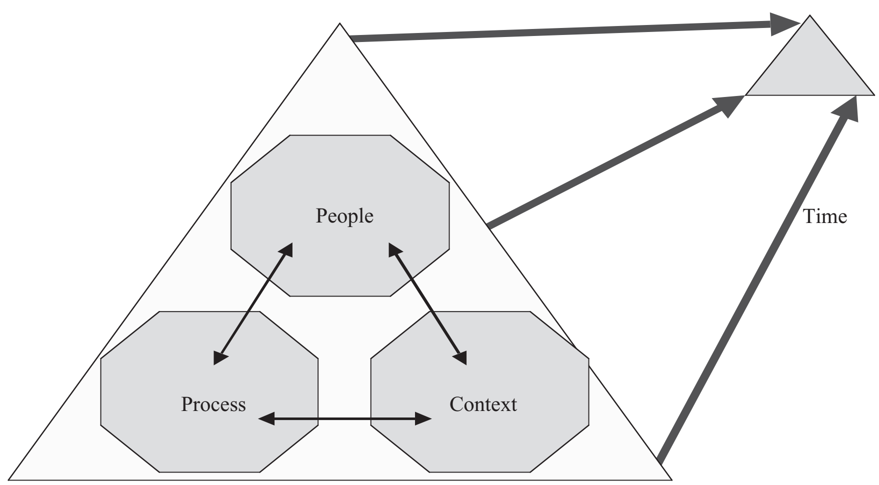

FIGURE 1.1 Conceptual overview of the book structure.

P1: JYS
c01 JWBK355-Sparrow April 3, 2009 7:59 Printer Name: Yet to Come

Reconsidering Method: Questioning Our Research Lenses

In an attempt to guide cross-cultural and MNC research in each different area of HR practice, and to help researchers to generate *a priori* hypotheses, Aycan (2005) uses a systematic review of the literature in six areas: human resource planning and career management, job analysis and design, recruitment and selection, performance appraisal, compensation and reward management, and training and development. She argues that in order to improve theoretical analysis and move from a 'how practices differ' to a 'why they differ' perspective, we need to explain the cultural and institutional contingencies for HRM practices. Her analysis identifies 10 different theoretical perspectives, and different models of culture-fit are used to present definitions of 14 cultural constructs. Complexity is the order of the day. Four directional propositions are derived from the cultures literatures concerning recruitment and selection alone, along with 15 institutional contingencies that are linked to a further four propositions about recruitment and selection. The same process is adopted for the other areas of HR practice, resulting in 35 propositions in total.

Even when culture has been assessed in some direct way, or where cross-country differences are used as a proxy for culture, there are a range of difficult methodological issues that have to be addressed (Sparrow, 2006a), such as:

- theoretical equivalence of measurement (with an overabundence of instruments producing inconsistent and incomparable results);
- ecological fallacy (whereby national level data is used to predict individual level behavior, which leads to incorrect estimations of the real effects of the contextual variables);
- contextual determination (where cross-national differences may be assumed without having data for other countries as well because other contextual variables – for example, wealth or institutional effects – might explain the positioning of individuals on the scale in question); and
- structural equivalence of meaning (where a construct has a different meaning at the individual level than was the case at the national level).

Wright and van de Voorde (Chapter 2) look at the topic of IHRM using ideas, concepts, and models that emerge from multilevel theory and research. They examine the concept of variance and look at research on mean differences in the use of HR practices across countries, the amount of variance explained by country, and the extent to which culture moderates the relationship between HR practices and outcomes; they also argue that differences have more to do with institutional contexts than with culture *per se*. We need better differentiation between cultural, institutional, and structural explanations of differences in HR practice, and outcomes from these practices. From the existing culture–HRM literature, it remains unclear *how* employees in different cultures perceive and subsequently react to HR practices. The fact that culture has impacts at the country, company, work unit, and individual level requires multilevel research models. They distinguish between cross-level (how higher-level factors impact individual level factors) and multilevel models (patterns of relationships replicated at all levels of analysis). They also address the different aggregration models that may be used in IHRM research. Drawing upon Gerhart and Fang's (2005) recent analysis, these concepts are used to criticize many of the assumptions often drawn from Hofstede's work on culture and argue that if such critical methodological lenses were applied to much of the IHRM literature, it would be reasonable to assume that many reported significant mean differences across countries may not translate into considerable amounts of variance explained by countries. Moreover, variance in levels of practice is not evidence that they are inappropriate or ineffective across different countries.

Mayrhofer and Reichel (Chapter 3) briefly trace the different traditions within IHRM and comparative HRM (CHRM) research, noting that a surprising number of IHRM research texts, including the otherwise inclusive work of Stahl and Björkman (2006), tend not to address comparative research issues. They look back to see what has been achieved over the past decades within the comparative field, but also look ahead to identify crucial issues. They develop a structuring device to capture the content issues in comparative research, such as level of analysis, core themes, and theoretical foundations and the practical organization of comparative HRM research. They consider what research needs to look at (the levels of analysis issue), why comparisons should be conducted (contrasting phenomenon and theory-driven approaches), the importance of thematic research themes (such as HR practices, HR configurations or the HRM–performance link) and raise questions about the embeddedness of comparisions in time (the question of when to compare). Through this device and an analysis of published abstracts, they identify aspects of comparative HRM that have largely been ignored. Their analysis shows that there is a clear focus at the organizational level of analysis, with both the individual and country level following. Virtually no contributions can be found at the level of groups, networks of organizations or supranational units. This is one reason why some of the contributions in this volume have been chosen for their focus on non-traditional international work forms. Finally, they review four major constraints facing comparative research, including: conceptual issues around areas of interest, theory and data; comparative research methodology; the mechanics of the research process; and the politics of creating a scientific discourse within the academic community.

In the final contribution to Part I, Sackmann (Chapter 4) outlines changes in the contextual factors that have shaped our conceptions of culture, and how our assumptions about culture, have, in turn, influenced research methodologies and research questions. She describes three different conceptualizations of culture with their contextual influences, underlying assumptions, and methodological consequences and explores their impact on the field of IHRM research. Three streams of research are examined: cross-national comparisons, studies of intercultural interactions, and the multiple culture perspective. The specific context that drove the emergence of each stream of research, their respective theories, assumptions and frameworks, and of the research foci and methods preferred in each perspective are examined. The key contributors and the major contributions to knowledge gleaned from each research stream are highlighted. She argues that the first approach has had an overly-dominant impact on the field of IHRM. A national focus may still be relevant for certain issues such as HRM policies and HRM practices as influenced by a nation's jurisdiction, though even legislation and national frameworks allow for variation at the practice level between organizations located in the same nation. Researchers studying issues of culture relevant to an increasingly multicultural world and capable of capturing the emerging cultural realities of current and future work life and organizations needs to go beyond this perspective. She argues that the intercultural interaction perspective, which has demonstrated the importance of contextual analysis and process-orientation in cultural research, reveals insights about the emergence and negotiation of culture, and should be used to shed light on processes of implementing, adopting, using, and recontextualizing HRM systems and instruments in different locations of an international or global firm. However, to capture the new multicultural work realities we also need a conceptualization of culture that considers it as a collective, socially-constructed phenomenon. Organizations, and the individuals who work within them, may be home to and carriers of several cultures. Individuals may identify with and hold simultaneous membership in several cultural groups. Research in the IHRM field needs to recognize and acknowledge the implications of a changing business context, new forms of organizational design, and management through an increasingly multicultural workforce.

Managing Key People and Staff Groups in International Organizations

Attention also has to be given to a series of important generic issues that may be applied to key people and staff groups in international organizations. There has been a wealth of research into expatriates as a population and the experience of the international assignment. However, as organizations continue to globalize, they are drawing upon an ever-wider range of people placed into international roles. De Cieri *et al.* (2007) note that IHRM research is beginning to move away from its traditional focus on multinational enterprises (multinational or transnational enterprises for whom the central integration of their substantial and actively managed investments in foreign countries into the core of the organization is a strategic imperative) into other organizational forms (such as global startups, strategic networks, and cross-border alliances), that while not displaying formal IHRM structures, nonetheless highlight the complexities, sophistication, and challenges associated with international management.

We need to develop our understanding about relatively under-researched groups of people. The latter include: atypical forms of employee such as short-term assignees and self-initiated movers; inpatriates; international project operations; and women in international management. Two generic issues are also considered at the individual level of analysis. These include the role of cultural intelligence and the implications for organizations in designing systems to build this; and the role of political capital for expatriates and international teams.

Sackmann (2003) has drawn attention to the need to better understand the skills needed to work, navigate and manage in this multicultural environment. This challenge is taken up by Ng, Van Dyne, and Ang (Chapter 5). In a 2006 special issue of *Group and Organization Management* on "Old constructs, new frontiers" cross-cultural researchers discussed the construct of cultural intelligence with various writers arguing how their frameworks describe different ways in which the meta-cognitions and learning strategies of international employees operate. Ng, Van Dyne, and Ang point out that selecting executives who can function effectively in international joint ventures and multinational enterprises has constituted a central theme in much contemporary IHRM research and practice. However, the changing nature of international work, reviewed later by Suutari and Brewster (Chapter 7), means that selection issues become important now for a much broader population than just expatriates, and the task and work demands are more complex. Yet selection decisions for staffing international assignments continue to be based on informal and low-utility selection strategies and criteria. They argue that research evidence, however, shows that previous international experiences do not necessarily translate into learning and effectiveness about international working – previous overseas experience appears to explain less than 1 per cent of the variance in interaction adjustment. The reason is that the experience-effectiveness relationship is moderated by an individual-level capability, called cultural intelligence. This they define as a set of cross-cultural capabilities that describe a person's capacity to function effectively in culturally diverse settings (Earley and Ang, 2003). They draw attention to a set of learning capabilities that maximize the developmental benefits of international assignments and advance a model to show why previous work on international experience and adjustment has only a weak relationship with effectiveness and argue the conceptual and applied benefits of using cultural intelligence as a selection tool to identify those with international executive potential.

For Harvey and Novicevic (Chapter 6) the issue is not just one of human capital (skills and competencies), but also of capital. They examine the role that different forms of people-related capital play in assisting international employees in their roles. In their work they have noted that global leaders have to possess a complex amalgamation of technical, functional, cultural, social, and political competencies to navigate successfully the intricacies of changing cross-border responsibilities. They make a distinction between social capital and political capital, and use political influence theory to understand the importance of the capital that global leaders accumulated during global assignments. Social capital leads to trust. Political capital leads to legitimacy. Human capital leads to competencies. Cultural capital leads to social inclusion and acceptance. Social capital is typically reflected in the standing the manager has in the organization and his or her concomitant ability to use that standing to influence others. It is used to help to build on and meld the many cultural norms that exist in a foreign subsidiary. However, global leaders also have to accumulate political capital – including reputational capital (i.e., being known in the network for getting things done) and representative capital (the capacity to effectively build constituent support and acquire legitimacy by using traditional forms of power) – thereby being in a position to remove obstacles to cooperation. They explore the research agenda around these key forms of capital.

For Suutari and Brewster (Chapter 7) another major weakness in our understanding about key groups of individuals has been too much focus on expatriates. We know much about the management of expatriates, yet little is known about the challenge of engaging the wider range of international employees inside organizations today. In reality, other types of international assignees are starting to become more common than traditional expatriates. These different groups involve:

- short-term assignees such as project assignees, development assignees and commuters;
- people who select a more permanent global career involving various international jobs across difference companies and contexts, due to the internationalization of business and careers.

An extensive proportion of people working abroad are not following the traditional expatriate route to leave for an international assignment as an internal transfer within an MNC, but instead look for international job possibilities on their own from external job markets. These people can be referred to as self-initiated assignees.

Suutari and Brewster review the research and literature concerning these untypical forms of international assignees – noting that none of the forms of assignment characterized in the literature as 'atypical' or 'different' is really new, but they are all more prevalent and under-researched. They summarize the literature on some key forms of international working – migration, global careerists, self-initiated international experiences, international commuters, short-term assignees, frequent flyers, and virtual internationalists – and then examine the implications that these atypical forms of international working have for various HRM processes within organizations. They draw attention to a compendium of reasons for using each form, such as managerial control, skill transfer, management development, international cadre, costs, and family reasons, and highlight pressing research needs in the areas of recruitment, performance management, and compensation. Ultimately, the challenge is one of understanding diversity.

In addition to the issue of greater diversity in forms of international working, many multinationals also have growing business opportunities in developing and emerging economies. This, however, creates the challenge of accessing, applying, and leveraging local knowledge to offset a lack of experience in more culturally and institutionally distant environments. Reiche, Kraimer, and Harzing (Chapter 8) note that most international assignment research has taken a unidirectional approach, focusing on staff and knowledge transfers from the corporate headquarters to foreign subsidiaries. Inpatriation is the transfer of foreign nationals from the subsidiary into a multinational's HQ. Inpatriates can have profound knowledge of a subsidiary context but also an ability to engage in cross-unit brokerage. They review literature on knowledge transfer through international assignments, examine the different roles of inpatriate assignments, and explore the processes and determinants that facilitate knowledge sharing. Both expatriation and inpatriation involve the establishment of cross-unit linkages and the conduct of boundary-spanning activities, but expatriation tends to have higher status, a lower requirement for rapid acculturation, and more asymmetric information power. Reiche, Kraimer and Harzing focus on individual-level processes that influence how knowledge is transferred in organizations, and draw attention to a range of important social processes that have to be in place before inpatriation can lead to any cross-unit knowledge sharing. This depends on social processes such as the ability to exert social influence and build social networks. They take a social capital perspective, arguing its benefits for boundary-spanning, solidarity, adjustment, and information sharing roles. They draw attention to the importance of acculturation attitudes and political skills, and discuss the role played by HRM practices in building this social capital.

Welch, Welch and Fenwick (Chapter 9) point to another set of important individuals about whom little is known. They build an argument that the bulk of IHRM research tends to assume that firms internationalize only through foreign direct investment (FDI). They draw attention to the importance of a range of operating modes (such as exporting, foreign direct investment, equity joint ventures, international alliances in their various forms, licensing and franchising, management contracts, outsourcing, "offshoring" and contract manufacturing) in international management. The HR challenges associated with each operation mode have not been extensively studied. Moreover, of these operating modes, one of the most under-researched yet highly practiced is international project operations. The nature of international project work raises HR issues that are different to those encountered in more traditional work settings. They argue for a more contextualized approach to IHRM research and theory building, one that accounts for contextual differences in the firm's internationalization process. To understand the nature of such issues, they focus on a special group of international assignees, independent consultants, who are an integral part of the delivery of international development projects by supplier firms. They use a life cycle stage model of international projects and a qualitative study of this work group to look at motivations, performance, career outcomes, and the general HRM agenda. This context is more akin to a 'body shop' resourcing model. Many international project firms share a common characteristic of being heavily dependent on attracting sufficient numbers of skilled external contractors in often highly competitive circumstances. The role of power and reputation in international working therefore comes to the fore, along with issues of work continuity, loyalty, compensation, and on-site support.

While on the issue of power, many researchers have argued that globalization is empowering for some, yet disempowering and impoverishing for others, particularly unskilled employees in developing countries, but also to women (De Cieri, Chapter 10). Yet women represent about 19 per cent of the international assignee community, and research also suggests that women are more highly represented among self-initiated expatriates than in the corporate expatriate sector. Picking up the issue of diversity in international working touched upon earlier by Suutari and Brewster (Chapter 7), De Cieri, in a final contribution at the individual level of analysis, focuses on the gender issues involved, and the debate as to whether HRM policies and practices utilized in MNCs provide equal benefits to men and women. She outlines a variety of forms of participation by women in international management (board membership, traditional international assignments, and frequent

P1: JYS
c01 JWBK355-Sparrow April 3, 2009 7:59 Printer Name: Yet to Come

flyer or global project team members), reviews different explanations for women's under-representation in international management (social, cultural, structural and systematic discrimination against women, biases in organizational decision making and structures, and individual or person-centered factors) and discusses the implications for policy makers, employers, individuals, and researchers. De Cieri argues that while IHRM research has begun to examine the flexible forms of international assignments, there has been little attention to gender issues relevant to these forms of employment. Given the comments made earlier about the frequent need to introduce novel theory to explain international phenomena, De Cieri draws upon identity theory and gender stereotyping, token theory, and selection systems to explain many of the issues faced in the international management of women, and highlights the growing awareness of the problems associated with under-utilization of this particular human capital pool.

Managing Globalization Processes at the Level of the Firm

In addition to the above topics generally explored at the individual level of analysis, research in the field of IHRM also needs to shed light on the initiatives being pursued at the firm level, and the processes involved as organizations attempt to globalize their HRM functions. Global HRM is not simply about understanding and covering these staff around the world. It also concerns managing international HRM activities, increasingly through the application of global rule-sets. However, such application of course takes place within the bounds of institutional influences. A range of recent work has drawn upon institutional and country-of-origin perspectives to examine these processes (Colling and Clark, 2006; Ferner *et al.*, 2005).

Ferner *et al.* (2005) examine the internationalization of diversity policies in US MNCs using both a comparative institutionalist and a power/interests perspective. They draw upon data from 118 respondents in six companies to develop six case studies highlighting differing conceptualizations of diversity in the US and the UK. They then draw upon theories that help to explain subsidiary embeddedness, strategic role, stickiness of tacit knowledge transfer, institutional distance, political charters of subsidiaries, sources of power, and creative and resistive hybridization strategies. Ferner *et al.* (2005) argue that the use of local power resources enables UK actors to resist internationalization of focus, and helps to create compromise accommodations. These arguments are related to work on the transfer of HR practices across national business systems and highlight the role of control systems as an organizational capability in attempts to transmit standardized policies.

Colling and Clark (2006) use the inflow of US foreign direct investment into the UK electricity industry to test the country-of-origin effect in MNCs. They adopt an institutionalist approach using documentary analysis and interviews with union officials to examine three questions in relation to pay systems and union recognition: in what circumstances are sector effects communicated transnationally; what consequences are there for the management of employment; and how are cross-national employment trends influenced by national business systems? Attention is also given to sector-level developments in governance in both countries and the way these help to shape organizational strategy. They discuss the research issues associated with study across levels of analysis, such as moving from national to transnational sector effects. They identify a range of first-order effects (push and pull factors, alongside strategic and opportunistic behavior), second-order effects (organizational forms and changes in management style) and third-order effects (the ramifications for employment relations).

We need to address the learning and knowledge management issues involved in these processes. Edwards (Chapter 11) draws attention to the interlocking nature of institutions in areas such as corporate governance, training and employment regulation, and how these have given rise to distinctive 'national business systems' (Whitley, 1999). He also notes the different 'knowledge structures' that characterize national systems, and how these can constrain the ability of individuals to learn from those in other parts of the firm. MNCs are linked into multiple national systems, and the cross-national diversity in business practice they face provides both opportunities and constraints to organizational learning. They can observe practices in operation in one part of the organization and attempt to transfer them to other parts. He distinguishes between 'forward diffusion' where the direction of diffusion flows with the hierarchy of the firm, and 'reverse diffusion' where practices that originate in the foreign subsidiaries are transferred to the rest of the company, including the domestic operations. Reverse diffusion processes are important to study, because they play a role in the hybridization of national business systems, but can also change the expectations of people inside organizations concerning the legitimacy of groups at a range of levels to influence the policy formation process. Drawing upon evidence from three linked projects, he reviews theories of management orientation and information processing to explain the likelihood of reverse transfers, and outlines the challenges faced from national institutional differences (the institutional 'props' necessary for the operation of a practice, or the institutional or cultural 'constraints' to transfer) and the different types of dominance effects. Consideration is also given to the organizational politics processes involved, including incentives (such as status and resource claims at individual or unit level) and constraints (including various forms of resistance).

Sticking to the theme of international transfer of practice, Björkman, Barner-Rasmussen, Ehrnrooth, and Mäkelä (Chapter 12) note that with regard to the question about whether subsidiary HRM practices should resemble those of local firms (localization) or those of the foreign parent organization (standardization), only the latter entails a transfer of practices within the MNC. They discuss the strategic value of planned transfers of practices, but also the reasons why they do not always work out in the way intended by the headquarters. They focus on the transfer of performance management systems as a lead practice that is often globalized as MNCs strive for a degree of global standardization across subsidiary units embedded in very different national cultures and institutional contexts. Drawing upon the work of Kostova (Kostova, 1999; Kostova and Roth, 2002) on practice transfer, and Martin and Beaumont's (2001) process model of strategic HRM change in MNCs, they develop a model of MNC-internal factors that influence the transfer of HRM practices from headquarters to foreign units. Four different adoption patterns, referred to as ideal types, or archetypes, of foreign subsidiary adoption, are identified on the basis of different combinations of high versus low levels of implementation and internalization (true believers, ritualists, non-conformists, and dissidents). They then discuss how human, social, and organizational capital explains the outcomes and different adoption patterns. In particular, they tease out three different types of social capital (structural, relational, and cognitive) that become important, and two different forms of organizational capital, in an attempt to inspire researchers to conduct further conceptual and empirical research on this topic.

The literature on knowledge management underlines the fact that fragmented initiatives often coexist in those organizations that implement knowledge management tools or processes. Moingeon, Lumineau, and Perrin (Chapter 13) argue that while attention has been given to the role of networks and the use of social network analysis as a way of understanding the operation of such networks (Harvey and Novicevic, Chapter 6; and Sparrow, Brewster, and Ligthart, Chapter 18) international HR professionals are also faced with the need to promote more innovative ways of working that often transcends the boundaries of their firms as well as nations. They look at communities of practice (CoPs) – specifically an interorganizational community of practice (ICP) – as an important mechanism through which collective knowledge can be created, held and transferred internationally. For many international organizations virtual forms of working have risen in importance. How can the study of unstructured, spontaneous, self-managing, and emergent groups - and the social interactions that surround learning within and outside them – inform the IHRM field? They draw attention to the alignment of new practices and the promotion of lateral processes and organizational forms that might assist in the management of such forms of international working. They lay out appropriate theory using the mechanism of a learning mix model (covering four elements: strategic, technological, organizational, and a learning identity) and adopt a 'netnography,' form of analysis – an analysis of archival data, interviews of community volunteers, and direct observations of meetings organized by the community – to examine how portfolios of practice emerge, how information sharing tools are used, the governance of the community, and the creation of shared identities.

The study of virtual communities also brings to the fore the role of technology as an enabler of more global forms of management. Bondarouk and Rüel (Chapter 14) examine the web-enabled transformation of HR in international companies. E-enablement, or web technology, has given a boost to the options for international companies in standardizing and harmonizing their HR policies and practices in all corners of the company right around the world. It is argued that international companies, in this way, could become truly global companies. As part of this, HR policy making should be centralized, while the execution of HR practices should be in the hands of employees and managers, assisted in this by (frequently outsourced) Shared Service Centers. Bondarouk and Rüel conceptualize and explore the IT-enabled transformation of HR in an international community, but again using theoretical frames quite novel to the IHRM fields. They draw upon insights out of sociology – specifically the theory of structuration – in order to understand what happened during IT-enabled HR transformation. They introduce the notion of 'HRM frames', where the HR transformation in organizations (whether IT-enabled or not) influences employees' behaviors at the same time as it is influenced by human actions, to analyze the underlying assumptions, values, and interpretations that employees have about the IT-enabled HRM transformation in organizations. They argue that such an analysis is central to understanding the role of IT-enabled change in both HR processes and the HR function itself. Where a technology is used where the interpretations of key groups of people is involved (HR professionals, line managers, and employees), these interpretaions (and adoption patterns) will differ significantly. They draw attention to the difficulties and conflicts around e-enabled HR transformations and the necessary role changes, competency modifications, restructuring, and globalization of the HR function.

Martin and Hetrick (Chapter 15) examine employer branding as an international coordination strategy within IHRM. There has been much debate in the HR profession about the management of employer brands internationally and it is an important challenge for many large international organizations. Martin and Hetrick note that, often seen in the context of global 'talent wars', IHRM researchers can see a trend among international and multinational organizations to use employer branding as an important tool for creating a sense of 'corporateness' among often decentralized MNCs, and as a key means of differentiating themselves in overseas labor markets. Yet we still know little about the linkages between HR and marketing in the brand management process, despite increasing awareness that the HR function is now becoming involved in this work on an international scale. Martin and Hetrick argue this is surprising, given that it is being adopted as a means of reconciling a key tension faced by international organizations – balancing the needs for corporate integration, control, and legitimacy on the one hand with local differentiation, autonomy and initiative on the other. They develop a simplified model of the branding process, theorizing key variables (such as corporate and organizational identity), reviewing the evidence as to whether it works in an international context, and illustrate some of the problems faced, drawing upon ongoing research inside a large financial services MNC. Despite many supposed attractions to the practice, they highlight the challenges of facing unreceptive contexts for change (where MNC subsidiaries in different countries hold markedly different and somewhat negative views of corporate headquarters' leadership, HR, and people management policies). Company image and positioning is difficult to manage internationally, because cultural brands rely on corporate stories being seen as locally authentic and charismatically appealing to employees in settings that may be marked by large cultural and institutional distances between headquarters and subsidiaries. They reveal the challenges faced in attempting to disentangle national and organizational culture effects.

Reflecting the attention given to talent management processes on a global scale, Ashton, Brown, and Lauder (Chapter 16) argue that there is a weakness in both the IHRM and talent management literature. In the context of globalization, it does not focus on the issue of skill. Yet, we are witnessing a major transformation in the process of skill formation, with it being 'freed' from the constraints of national vocational education and training (VET) and industrial relations systems, as MNCs (better called transnational corporations – TNCs) are now operating *outside* the boundaries of national systems. They outline the changes taking place in the production of skill in relation to economic globalization and explain why this process is central to organizational competitiveness. They review work from the national systems perspective as well as that associated with globalization processes within IHRM. The latter, they argue, points to some of the new skills associated with the emergence of globally oriented MNCs, the skills required to manage knowledge through Centers of Excellence, to negotiate and manage alliances with other companies and institutions as well as the skills to manage talent at a global level. However, this literature remains too focused on the agenda of the IHR professionals. They ask why transnationals approach the process of skill creation and use in different ways, and how the wider institutional and market conditions within which they operate shape their responses. They argue that as the processes related to the creation and use of skills have changed fundamentally, we must reconceptualize the notion of skill, moving beyond just a human capital approach. They analyze the capacity for TNCs to develop a portfolio of skill strategies and lay out the nature of consequence of these strategies.

Another transformational force is that of offshoring and outsourcing. Globalization through offshoring skilled employment from developed countries such as the US and the UK to emerging markets such as India and China has become a major topic of debate. It adds the additional complexity to IHRM analysis because it requires an understanding of the implications that multisourced HR functions have for global HR strategy. Cooke and Budhwar (Chapter 17) contrast outsourcing and offshoring strategies. They review global trends – such as push factors driven by organizations' needs to acquire outsourcing services, as well as pull factors coming from international HR outsourcing provider firms keen to expand their services in different business areas and geographical locations – and then the motives behind each strategy. The motives are seen through the lens of core-periphery models, the transaction cost economic model, Ulrich's HR operating model, and environmental uncertainty models. They position HR offshoring as part of the firm's internationalization plan. A range of different modes are identified within this, such as captive offshoring, outsourcing directly to HR service providers operating in offshore countries, outsourcing to an HR outsourcing service provider onshore who then offshores some of the processes to other countries for strategic and operational reasons, or co-sourcing. They find that the primary motives of HR outsourcing are to gain access to external expertise and cost efficiency – transformational HR outsourcing has not yet taken root – and that HR outsourcing is more likely to be adopted by MNCs rather than by local firms, especially in such emerging markets as China and India. Building on the arguments that each different internationalization strategy adopted by an MNC has different implications for the role of the HR function (Bartlett and Ghoshal, 1989; Farndale and Paauwe, 2005), Cooke and Budhwar consider the implications for global HR structures and strategy and highlight the implications of this for the role of in-house HR teams in the decision-making process of HR offshoring/outsourcing, the management of outsourcing relationships and the skills needed by HR professionals. Particular attention is drawn to the need to manage organizational and societal cultural differences within this. They focus on the phenomenon of HR offshored outsourcing, particularly to

India and China, arguing that this is an area that is least covered in the existing literature, and yet lies at the heart of many HR function strategies. The combined complexity of international HRM and HR outsourcing necessitates such analysis.

In the context of many of the firm-level change processes discussed, Sparrow, Brewster, and Ligthart (Chapter 18) argue that there are then four academic debates shaping much current IHRM research: the nature of IHRM structures and strategies and the ensuing IHRM research agenda; the changing technological context and the impact of developments in shared services, e-enablement, outsourcing, and offshoring; the role of line managers and business partners in the effective conduct of IHRM; and the role of knowledge management, networking, and social capital processes. They outline some of the key issues in each of these four areas, and then explore networking and social capital processes through the use of social network analysis in a case study organization. IHRM academics need to help global HR functions to position themselves inside the rest of the organization so that they can best achieve the needs of their (many and diverse) stakeholders, and realize the intentions behind business partner roles in global context. The combination of developments in technology, process streamlining, and sourcing are also moving the focus of the IHRM function away from managing a global set of managers toward becoming a function that can operate a series of value-adding HR processes within the business internationally. Yet these developments are impossible to disentangle from parallel debates about specialization, core capability, and the technological enablement of service delivery (cross-culturally). Given the evidence that the role of line managers varies in a significant and consistent manner across countries, IHRM researchers also have to understand how best to build upon the role of line managers in the conduct of IHRM and how to best achieve the HR business partner role. Although five main forms of global knowledge management, or integration mechanisms, have featured in the literature (Sparrow, 2006b) – organizational design and the specific issue of centers of excellence; managing systems and technology-driven approaches to global knowledge management systems; capitalizing on expatriate advice networks; coordinating international management teams; and developing communities of practice or global expertise networks – very little is known about the role of networks in enabling many of these knowledge management mechanisms. They use social network analysis to point to some of these linkages, arguing that the value of social network analysis to the field of IHRM lies in its ability to look at both micro- and macro-level linkages between individual actions and institutional outcomes, and vice versa. They draw upon six network features: social capital; structural holes; density of connections; level of centralization; reachability; and the level of reciprocity. Their analysis shows the complexity of network actors involved in practice in the delivery of IHRM and that a very high proportion of these actors are in line management roles.

Organizational Action in Context

As the previous section shows, there are a wide range of firm-level processes associated with internationalization that require us to import both new and old frameworks and models from outside the field to understand the trajectories that are being followed, and their likely end states.

As the challenge of integrating even traditional theories within IHRM proves too difficult (for De Cieri *et al.*, 2007, such integration is also undesirable), the IHRM field has also begun to give more attention to understanding not only micro-level variables that help us to understand cross-national transfer of HRM practices, but also the way in which macro-level issues are of concern to the organization. This is why attention is given in this volume to some macro themes – such as the role of not-for-profit (Fenwick and McLean, Chapter 19), ethics (Vadera and Aguilera, Chapter 20), ethnicity (Nyambegera, Chapter 21), and finally altruistic leadership (Adler, Chapter 22) in IHRM. These are, in essence, some of the bottom-up processes of globalization that, at certain points in time, can derail even the most carefully considered firm-level strategy. Global phenomena such as the credit crunch of 2008 remind us that there are deeper societal waves and sentiments that, at the end of the day, can influence organizational action. Hopefully, the inclusion of the topics noted above helps to address the call by Guillén (2001), cited by De Cieri *et al.* (2007), to help researchers move across levels of analysis and link IHRM research topics to issues that cross world systems to nation states, industries, sectors, communities, organizations, and groups.

Fenwick and McLean (Chapter 19) argue that globalization has affected the environments of international non-governmental organizations (INGOs) through the growth and proliferation of supraterritorial social relations, global corporations, global civil society, and global regimes; and the internationalization of major financial markets, technical, manufacturing, and service sectors. INGOs are values-based organizations – but there are parallels from their management to the strengthening calls for increased corporate social responsibility among multinationals. Increased levels of competition between INGOs for resources and markets means that we need to understand how trust and legitimacy are engendered – a challenge faced by many more traditional multinationals. They argue that to understand trust and legitimacy we have to look at the underlying processes of greater accountability and efficiency, increased formalization and professionalization. An important future IHRM research agenda is to understand not just the advantages, but also some of the disadvantages of relying on values-based coordination. Their analysis is relevant to those researching any other international workgroups or organizational forms that are (potentially) values-based. They use a case study of one of the most visible types of social purpose international NGO – intermediate private aid and development organizations – to illustrate how academic understanding of international NGOs has some broader resonance with the challenges faced by many IHRM researchers, and conclusions are drawn about the implications for future IHRM research.

Vadera and Aguilera (Chapter 20) provide a systematic comparative analysis of corporate ethics by looking at the usage of different corporate ethics concepts in three countries, the US, the UK, and India. Organizations across the globe are implementing ethics programs – but with mixed results – given the complexity for multinational enterprises operating in several different economies simultaneously. They argue that integration of ethics programs has to be examined along with institutional, industry- and country-level, and organizational forces that affect their success. Only then can we garner a holistic view of the role of IHRM in the formulation and implementation of ethics programs in multinational enterprises. They consider how the formulation, content, communication of, and effectiveness of ethics programs varies across a range of multilevel forces such as cultures, country-level, and institutional factors. The need to integrate and align a range of IHRM policies and practices with an ethics ethos is signaled.

The challenge of dealing with multicultural assumptions in international organizations is ever present. However, we often consider diversity from too narrow a frame – talking about the more comfortable issues of national cultures. In practice, we are really talking about individual identities – and these are rooted within many aspects of the social environment within which multinationals have to manage. Nyambegera (Chapter 21) points out that the IHRM literature says very little about the importance of ethnicity, or indeed on developing approaches to ethnicity that fit IHRM policies and practices. As societies globalize and become more plural, MNCs have to come to terms with phenomena such as intracultural diversity and growing intercultural communalities. Many have assumed that ethnicity as an element of culture would gradually disappear as an organizational form, but the available literature suggests that ethnic groups are becoming even stronger. Written before events in Kenya were to bring ethnicity back to center stage, Nyambegera prophetically notes that the field of IHRM has slowly been "educated", and in turn tries to educate others, about the workings of culture, but that we now need to unravel what is implied by ethnicity and how people's thinking about it influences their behavior inside international organizations. This task is undertaken in the contribution.

Adler (Chapter 22) concludes the volume by noting that shaping history is the bottom-line challenge of global leadership – creating a twenty-first century in which organizations enhance, rather than diminish, civilization. She reminds us that many economic and societal trends appear to be heading in the wrong direction, and questions how we can remarry idealism with contemporary global realities. Much of this depends upon the style of global leadership that is pursued within organizations, and the ability of such leadership to provide unifying images and strategies. She examines the contribution that women as leaders (of countries, or organizations) has made to changing ethos, but concludes that what is needed ultimately is not more diversity in representation within MNCs. People world wide may want what all women symbolize – but what only some women leaders in fact exhibit – so ultimately it is the provision of a form of leadership in the world that will foster global society's survival and prosperity that will determine the future trajectory of much IHRM.

Conclusion

To summarize from the review of issues in each of the four main sections that have captured the latest content of IHRM research, this chapter has argued that the field of IHRM finds itself having to understand and unravel four key issues: the research lenses that are best suited to analyzing the phenomena of internationalization faced by MNCs and other global organizations; the management issues associated with both key blocks of individuals, and the key HR processes as applied to these individuals; the processes that operate primarily at the level of the firm, which are either driving or constraining a rebalancing between global and local HR practice (a leading-edge practice-led lens has been used to identify what these processes may be); and finally, but very importantly, some of the bottom-up consequences of globalization that can still serve to influence corporate policy. Only with some complete, multilevel, and time-sensitive frames of reference will we be able to manage our research, and our organizations, intelligently into the future.

References

Aycan, Z. (2005). The interplay between cultural and institutional/structural contingencies in human resource practices. *International Journal of Human Resource Management*, 16 (7), 1038–1119.

Bartlett, C., and Ghoshal, S. (1989). *Managing Across Borders: The Transnational Solution* (1st edn). Boston, MA: Harvard Business School Press.

Bouquet, C., and Birkinshaw, J. (2008). Weight versus voice: How foreign subsidiaries gain attention from corporate headquarters. *Academy of Management Journal*, 51 (3), 577–601.

Brewster, C., Sparrow, P.R., and Vernon, G (2007). *International Human Resource Management.* London: Chartered Institute of Personnel and Development.

Brewster, C., Sparrow, P.R., and Harris, H. (2005). Towards a new model of globalising HRM. *International Journal of Human Resource Management*, 16 (6), 949–970.

Briscoe, D., and Schuler, R.S. (2004). *International Human Resource Management* (2nd edn). New York and London: Routledge.

Colling, T., and Clark, I. (2006). What happened when the Americans took over Britain's electricity industry? Exploring trans-national sector effects on employment relations. *International Journal of HRM*, 17 (9), 1625–1644.

De Cieri, H., Wolfram Cox, J., and Fenwick, M. (2007). A review of international human resource management: Integration, interrogation, imitation. *International Journal of Management Reviews*, 9 (4), 281–302.

Dickmann, M., and Müller-Camen, M. (2006). A typology of international human resource management strategies and processes. *International Journal of HRM*, 17 (4), 580–601.

Dickmann, M., Brewster, C., and Sparrow, P.R. (eds) (2008). *International Human Resource Management: A European Perspective*. London: Routledge.

Dowling, P.J., Welch, D.E., and Schuler, R.S. (1998). *International Human Resource Management*. Cincinnati, OH: South-Western.

Dowling, P.J., Engle Sr, A.D., and Festing, M. (2008). *International Dimensions of Human Resource Management*.

Earley, P.C., and Ang, S. (2003). *Cultural Intelligence: Individual Interactions Across Cultures.* Palo Alto: Stanford University Press.

Edwards, T., and Rees, C. (2007). *International Human Resource Management: Globalisation, National Systems and Multinational Companies*. London: Financial Times/Prentice Hall.

Farndale, E., and Paauwe, J. (2005). *The role of corporate HR functions in MNCs: The interplay between corporate, regional/national and plant level*. International Programs Visiting Fellow Working Papers. US: Cornell University.

Farndale, E., and Paauwe, J. (2007). Uncovering competitive and institutional drivers of HRM practices in multinational corporations. *Human Resource Management Journal*, 17 (4), 355–375.

Ferner, A., Almond, P., and Colling, T. (2005). Institutional theory and the cross-national transfer of employment policy: The case of 'workforce diversity' in US multinationals. *Journal of International Business Studies*, 36 (3), 304–321.

Gerhart, B., and Fang, M. (2005). National culture and human resource management: Assumptions and evidence. *International Journal of Human Resource Management*, 16 (6), 971–986.

Guillén, M. (2001). Is globalisation civilising, destructive or feeble? A critique of five key debates in the social sciences literature. *Annual Review of Sociology*, 27, 235–260.

Harzing, A.-W. (2002). Acquisitions versus Greenfield investments: International strategy and management of entry modes. *Strategic Management Journal*, 23, 211–227.

Henisz, W., and Swaminathan, A. (2008). Introduction: Institutions and international business. *Journal of International Business*, 39, 537–539.

Hippler, T. (2008). Book review of handbook of research in international human resource management. *Journal of International Management*, 14, 89–92.

Kostova, T. (1999). Transnational transfer of strategic organizational practices: A contextual perspective. *Academy of Management Review*, 24 (2), 308–324.

Kostova, T., and Roth, K. (2002). Adoption of an organizational practice by subsidiaries of multinational corporations: Institutional and relational effects. *Academy of Management Journal*, 45 (1), 215–233.

Laurent, A. (1986). The cross-cultural puzzle of international human resource management. *Human Resource Management*, 25 (1), 91–102.

Martin, G., and Beaumont, P.B. (2001). Transforming multinational enterprises: Towards a process model of strategic human resource management change. *International Journal of Human Resource Management*, 12 (8), 1234–1250.

Peltonen, T. (2006). Critical theoretical perspectives on international human resource management. In G.K. Stahl and I. Björkman (eds), *Handbook of Research in International Human Resource Management*. Cheltenham: Edward Elgar, pp. 523–535.

Peng, M.W., Wang, D.Y.L., and Jiang, Y. (2008). An institution-based view of international business strategy: A focus on emerging economies. *Journal of International Business*, 39, 920–936.

Poole, M. (1990). Editorial: Human resource management in an international perspective. *International Journal of Human Resource Management*, 1 (1), 1–15.

Pudelko, M., and Harzing, A.-W. (2007). Country-of-origin, localization, or dominance effect? An empirical investigation of HRM practices in foreign subsidiaries. *Human Resource Management*, 46 (4), 535–559.

Sackmann, S.A. (2003). Cultural complexity as a challenge in the management of global companies. In Bertelsmann Foundation (ed.), *Corporate Cultures in Global Interaction. Liz Mohn – A Cultural Forum Vol. III*. Gütersloh, Germany: Bertelsmann, pp. 58–81.

Schuler, R.S., Budhwar, P.S., and Florkowski, G.W. (2002). International human resource management: Review and critique. *International Journal of Management Reviews*, 4 (1), 41–70.

Schuler R.S., Sparrow, P.R., and Budhwar, P.S. (2009). Preface. In P.S. Budhwar, R.S. Schuler and P.R. Sparrow (eds), *Major Works in International Human Resource Management*. London: Sage.

Scullion, H. (1995). *International human resource management*. In J. Storey (ed.), *Human Resource Management: A Critical Text*. London: Routledge.

Scullion, H. (2005). International HRM: An introduction. In H. Scullion and M Linehan (eds), *International Human Resource Management: A Critical Text*. Basingstoke: Palgrave Macmillan, pp. 3–21.

Scullion, H., and Paauwe, J. (2004). International human resource management: Recent developments in theory and empirical research. In A.-W. Harzing and J. Van Ruysseveldt (eds), *International Human Resource Management* (2nd edn), London: Sage, pp. 65–88.

Sparrow, P.R. (2006a). International management: Key challenges for industrial and organizational psychology. In G. Hodginson and J.K. Ford (eds), *International Review of Industrial and Organizational Psychology*, Vol 21. London: John Wiley & Sons, pp. 189–266.

Sparrow, P.R. (2006b). Knowledge management in Global organizations. In G. Stahl and I. Björkman (eds), *Handbook of Research into International HRM*. London: Edward Elgar, pp. 113–138.

Sparrow, P.R., and Braun, W. (2008a). HR strategy theory in international context. In M. Harris (ed.), *The Handbook of Research in International Human Resource Management*. Mahwah, NJ: Lawrence Erlbaum, pp. 77–106.

Sparrow, P.R., and Braun, W. (2008b). HR sourcing and shoring: Strategies, drivers, success factors and implications for HR. In M. Dickmann, C. Brewster and P.R. Sparrow (eds), *International Human Resource Management: A European Perspective*. London: Routledge, pp. 39–66.

Stahl, G.K., and Bjorkman, I. (eds) (2006). *Handbook of Research in International Human Resource Management*. Cheltenham: Edward Elgar Publishing.

Werner, S. (2002). Recent developments in international management research: A review of 20 top management journals. *Journal of Management*, 28 (3), 277–305.

Whitley, R. (1999). *Divergent Capitalisms: The Social Structuring and Change of Business Systems*. Oxford: Oxford University Press.