International Human Resource Management

Globalization, National Systems and Multinational Companies



Tony Edwards

Chris Rees



ALWAYS LEARNING

PEARSON



All trademarks used herein are the property of their respective owners. The use of any trademark in this text does not vest in the author or publisher any trademark ownership rights in such trademarks, nor does the use of such trademarks imply any affiliation with or endorsement of this book by such owners.

Copyright © 2006 by Pearson Education, Ltd. This edition is published by arrangement with Pearson Education, Ltd.

This book is sold subject to the condition that it shall not, by way of trade or otherwise, be lent, resold, hired out, or otherwise circulated without the publisher's prior written consent in any form of binding or cover other than that in which it is published and without a similar condition including this condition being imposed on the subsequent purchaser and without limiting the rights under copyright reserved above, no part of this publication may be reproduced, stored in or introduced into a retrieval system, or transmitted in any form or by any means (electronic, mechanical, photocopying, recording or otherwise), without the prior written permission of both the copyright owner and the above-mentioned publisher of the copyright owner and the above-mentioned publisher of

ISBN 978-81-317-1522-2

First Impression, 2007

This edition is manufactured in India and is authorized for sale only in India, Bangladesh, Bhutan, Pakistan, Nepal, Sri Lanka and the Maldives. Circulation of this edition outside of these territories is UNAUTHORIZED.

Published by Dorling Kindersley (India) Pvt. Ltd., licensees of Pearson Education in South Asia.

Head Office: 7th Floor, Knowledge Boulevard, A-8(A), Sector-62, Noida – 201309, U.P., India. Registered Office: 11 Community Centre, Panchsheel Park, New Delhi 110 017, India.

Digitally Printed in India at Repro India Ltd. in the year 2014.

Contents

	reface	
Contributors		xvii
Ack	nowledgements	XX
	art One	
	ne context for international human resource management	125
48	Globalization and international management Chris Rees and Tony Edwards	3
	Key aims	3
	Introduction	3
	What is globalization?	4
	The globalization thesis	5
	Responses to the globalization theorists	13
	Globalization and change in national business systems	17
	Conclusion: understanding international management action	22
	Review questions	24
	Further reading	25
	References 100 - HUDLER ABOUNT BANK BANK BANK BO TO RELEASE BETTER	25
2	National systems and management action	27
	Chris Rees and Tony Edwards	
	Key aims	27
	Introduction	27
	Cultural perspectives	28
	Institutional perspectives	32
	Broader frameworks for interpreting international management action	37
	Conclusion	41
	Review questions	41
	Further reading	42
	References	42

Contents

	3 The internationaliza	ation of the firm	45
	Tony Edwards and Chris Rees		
	Key aims		45
	Introduction		45
	Defining a multinational of	company	46
	Motivations for internation	nalization	48
	The arrival of the 'global'	firm?	58
	Conclusion	a di la companya di l	62
	Review questions	* n	63
	Further reading References		63
	Keierences		64
4	4 International strateg	v and structure in	
	multillational compa		1117
	Tony Edwards and Chris Rees	nies murt liedelikarenai nol Ixadaa	66
	Key aims		
	Introduction		66
	What is strategy?		66
	Key influences on strategy	and structure in international firms	66
	The importance of organiza	ational politics in multinational companie	70
	The curpendentiess of 2flaf	egy	
	Conclusion	Strontagnanily a up	80
	Review.questions		83 84
	Further reading		
	References	EURING HOUSEN IN ADDRESS TO AT A CORE-IN-OC	85
			0.5
	art Two		
Th	he diffusion of internati	onal human resource manageme	N
n	n multinational compani	ies	ent
	1101257 10	Principal making a principal making	
5	The transfer of human	resource practices in	
	multinational compan	ies	0.1
	Tony Edwards and Chris Rees		91
	Key aims		
	Introduction		91
	The diffusability of employm	ent practices	91
	the hierarchy of economies a	and the diffusion of practices	72
	corporate characteristics tha	t promote diffusion	24
	the process of diffusion	mulmer ration	100
	Conclusion		103
			107

	Conten
Review questions	10
Further reading	10
References Language L	10
Cross-border mergers and acquisitions Tony Edwards and Chris Rees	11
Key aims	11
Introduction	11
The national orientation of the parent in cross-border mergers and acquisitions	11
Restructuring at national level and the legacy of distinctive	
national systems	11
The political dimension to cross-border mergers and acquisitions	12
Conclusion	12.
Review questions	12
Further reading	
References with the second management of the s	12
Internationalization and developing countries:	
the case of China	129
Miao Zhang, Tony Edwards and Christine Edwards	
Key aims	14.
Introduction	129
Foreign multinational companies in China	131
The internationalization of Chinese firms	140
Conclusion	144
Review questions	145
Further reading References	145
References	146
rt Three	AU EVI
e management of international human resource practi	ces
multinational companies	
Knowledge management and international human	
resource management	151
Stephen Gourlay	1.7.1
Key aims	151
Introduction	151
Knowledge and knowledge transfer	153

Contents

	How is knowledge transferred?	
	Knowledge and situated cognition	154
ľ	implications for knowledge transfer	155
	Knowledge management in multipational	137
	and international Links	160
	Conclusion	164
	Review questions	167
	Further reading	167 168
	References	168
11	Jean Woodall	172
	Key aims	
	"TO GUICHOTT	
	The changing scope of international management development	172
	THE CAMPION OF THE CA	
	Learning theory and international management development	175
	International management development initiatives	
	ruture developments	180
	Review questions	121
	ruttier reading	
	11010101003	
10	Author Act	
10	rectartification Selection of International management	106
	111111 1115-11111 11111 11111 11111 11111 11111 1111	195
	key dittis	
	indoddelloff	. , ,
	rey concepts and definitions	
	chema for recruitment	
	Selection	202
	Gender and ethnicity in recruitment and selection	208
	The myth of the international manager? Conclusion	212
		212
	Review questions Further reading	214
	References	214
		215
1	International pay and reward	
	Guy Vernon	217
	Key aims	
	Introduction	217
	minum pycadworte igné apimilwani	217

		Contents
	Cross-national variation in reward structures	218
	Multinational companies and international reward	226
	The space for international reward strategy	231
	Best practice in international reward	234
	Conclusion	237
	Review questions	238
	Further reading	239
	References	239
	Quidle teach repri	
2	International employee representation – a case of	
	industrial relations systems following the market?	242
	Keith Sisson	
	Key aims	242
	Introduction	242
	A variety of forms	243
	The growing significance of international employee representation	245
	The management interest – the two faces of legitimacy	253
	Conclusion and prospects for the future	257
	Review questions	258
	Further reading	258
	References	259
3	International corporate social responsibility and	
	employment relations	262
	Sanjiv Sachdev	202
	Key aims	262
	Introduction	262
	Conceptual confusion	264
	HRM and corporate social responsibility	265
	The rise of corporate social responsibility	267
	Brands, boycotts and multinationals	270
	The countervailing power of non-governmental organizations	271
	Codes of conduct: mandatory or voluntary?	272
	Labelling initiatives and socially responsible investment	276
	The problems of corporate social responsibility: 'greenwash'	
	and 'corporate gloss'	277
	Labour regulation in a global economy	278
	Conclusion	280
	Review questions	280
	Further reading	280
	References	281

	ne future	Cross-national systematics need international from
14	Tony Edwards and Chris Rees	ing ahead
	Introduction	
	Globalization	7
	Competitive challenges Embeddedness	,
	Contestation	Commence of the second
	Change	
	References	
nde	Y	

Preface

287

287 287 288

289

290

291

293

295

This book is about the management of international human resources (HR) and employment relations within multinational companies (MNCs). It aims to take a distinctive approach to the subject in terms of both its structure and its content.

There are a growing number of introductory texts in the fields of international human resource management (IHRM) and international/comparative employment relations. These texts can broadly be broken down into three types. First are those which are structured along country lines, with individual chapters on different countries and comparisons between them being implicit in the main and explicit in the introduction and conclusion. Examples of this are the collections edited by Kamoche et al. (2004) on HRM in Africa and Budhwar (2004) on HRM in Asia-Pacific and those by Bamber et al. (2004) and Ferner and Hyman (1998) that focus on national systems of industrial relations. These provide very detailed explanations of distinctive national patterns but are not designed to suit most IHRM courses and consequently do not tackle many of the issues on such courses. Second are those with a predominantly international business strategy focus that consider aspects of HR strategy in certain chapters. Good examples here are John et al. (1997) and Parker (1998). These books provide a lot of useful material on such issues as the strategies and structures of MNCs and the economic context in which such firms operate but, like the first category, they are not designed primarily for IHRM courses. Third are those that take a more thematic approach, with chapters on particular areas of HR policy, commonly pay and reward, training and development, recruitment and selection, and so on. Well-known recent examples include Harzing and Van Ruysseveldt (2004), Tayeb (2005), Dowling and Welch (2004) and Brewster and Harris (1999).

It is this third approach that is the most relevant to discuss. There are three further distinctions we make within this category. First, some of these books are mainly about the management of those managers and other senior staff who travel frequently between countries. A good example of this is the book by Dowling and Welch (2004). We see this as being one part of IHRM, an important one undoubtedly, but not the only one. Thus our focus is wider, incorporating the study of both managerial and non-managerial employees.

A second distinction that we make is between approaches to understanding IHRM that focus on national cultures on the one hand and those that focus on the wider institutional context on the other. The first of these is the one that is most widely used in international HR research more generally and features very strongly in some of the textbooks, such as that by Tayeb (2005). While not disregarding culture, we

The state of the s

The first product of the first

The state of the s

Extracted a second of the second of the second second of the second of t

The state of the s

Index

Note: page numbers in **bold** indicate chapters. Organizations, countries, firms, and most authors mentioned only once are omitted.

ABB (ASEA Brown Boveri) 34, 60, 77-9, 104, 122, 186, 230 Accenture 101, 134 acquisitions see cross-border mergers adaptability 75, 201 Adler, N. 181, 187, 189, 190, 210 Africa xi, 15, 57, 210 and China 130, 132 corporate social responsibility 262, 266, 268 age of workers, minimum 274n, 275 child labour 268, 270-7 passim, 279 airlines 58, 183 Almond, P. 42, 81-3, 222 Amnesty International 271, 272 Anglo-Saxon countries 97-8, 292 reward and pay 222, 225-9, 232, 234 see also Australia; Canada; United Kingdom; United States Anthony, D. 108 anti-globalization movements 265, 270 ASEA Brown Boveri see ABB Asia-Pacific xi, 47 South 15, 34, 132, 272, 275 see also East Asia; South-East Asia assessment centres 184, 204 Astra-Zeneca 112, 116 Australia 60, 61, 130, 181 automotive industry 60, 77, 165, 183, 230 cross-border mergers and acquisitions

112, 116

employee representation 243, 244,

social responsibility 264, 270

245, 247-8, 251, 252, 255-6, 258

transfer of human resource practices in MNCs 93–4, 95, 105–7 AutoPower 81–3, 137–9, 141, 290 awareness training, cross-cultural 184–6

banks see services under finance Barham, K. 181, 189 Bartlett, C. 12, 13, 230, 289 international strategy 72–81 passim knowledge management 151, 161-2 recruitment of managers 196, 198, 203, 213, 214 Bayer 61, 62, 245 behavioural perspective of knowledge 155, 156 Belanger, J. 78-9, 104, 122, 230 Belgium 61, 98, 225, 247, 251, 263 benchmarking 77, 247, 249-52, 256 Benetton 47, 54, 270 Benson, J. 141, 144, 145 Berggren, C. 79, 230 Berrell, M. 195, 196, 203, 205 best practice and pay 234-7 Bhagat, R.S. 152, 153 Bird, A. 75 Birkinshaw, J. 137, 163 Black, S. 176, 179 Bloom, M. 228, 230-1, 232, 233 bonuses 222, 226 bounded rationality 56 Boussebaa, M. 40, 187-9 boycotts 270-1 brands 53, 270-1 Branine, M. 140, 141 Bresman, J. 152, 153 Brewster, C. xi, xii, 191, 202 Broad, G. 76-7, 84, 93-4, 104 Buckley, P. 47, 55 Burma (Myanmar) 270, 271, 275 business systems 17-22, 114, 289-90

C&A 270, 274 Cadbury 49, 268 Canada 51, 61, 104, 219-21 Carmichael, S. 263, 265, 271 cars see automotive industry Casson, M. 47, 55 catch-up and convergence 95-6 Central America 61, 132, 279 Central/Eastern Europe 130, 247, 269, 289 centralization 37, 198 CFS 142, 143-4 Chandler, A. 67, 68 change xii, 17-22, 114, 179, 291-3 Chartered Institute of Personnel and Development see CIPD chemicals sector 95, 245, 246 see also pharmaceutical Child, J. 126 globalization 6, 8, 17 national systems and management 28, 31 - 3.38child labour 268, 270-7 passim, 279 China xiv, 15, 60, 82, 129-47, 270 foreign multinationals in 131-9 future 289, 290, 292 internationalization of local firms 140 - 4observers of 132-9 pessimism about 133, 135, 136, 138 recruitment of managers 201, 202-3, Christian Aid 265, 275, 276, 278, 280 Chrysler 112, 116 CIPD 191, 223, 265, 266, 267 Clancey, W.J. 152, 155-6 Clark, I. 42, 81-3 clothing and shoes 102, 130, 132 corporate responsibility 266, 270, 273, 274, 278, 279 see also Gap; Nike CME (co-ordinated market economy) 36-7 m = 1 m = 8 T-m m | moral Coase, R. 46, 47 Coca-Cola 61, 263 Codes of Conduct 248, 249, 263; 266

codifiable knowledge 152, 153-4, 162, 164 cognition and knowledge management 155-7 collective bargaining 36-7, 232-3, 242-3 co-ordinated 249-51 and works councils 251-3 collectivism 29, 30 Coller, X. 77, 104, 108, 164, 247 Colling, T. 32, 81-3 commodity chains, global 34, 50, 102 communication of knowledge 153-4 'communities of practice' 152, 155 competence/competency -based pay 222 key 106 leadership 178, 182-3 competition 21, 68-9, 288-9 Connor, J. 181, 182 contestation xii, 290-1 context of international human resource management 3-87 see also globalization; international strategy; internationalization; national systems contingent perspective on China 133, 136, 137, 139 'contingent' workers 117 convergence 6, 95-6, 292 co-ordinated bargaining 249-51 co-ordinated market economies 36-7 Corley, T. 48-9 corporate social responsibility and employment relations xv, 262-84, brands, boycotts and multinationals 270 - 1codes of conduct, mandatory or voluntary 272-6 conceptual confusion 264-5 'greenwash' 277-8 and HRM 267-70 labelling initiatives and investment 276-7 labour regulation 278-9 NGOs, countervailing power of 271-2 rise of 267-70

Corteel, D. 120-1, 123 Corus 124-5 costs expatriate failure 195-6 hidden 174 labour 50 recruitment 199 saving 120-1 transaction 46, 55 country of origin 72, 76, 80 changes in 18–20 cross-border mergers and acquisitions 112, 115–16 embeddedness in 59-61 MNCs without see transnational reward and pay 231 transfer of human resource practices 94, 100 Cowe, R. 263, 270, 278, 362 cross-border mergers and acquisitions 111-28, 175, 288, 290, 291 national orientation of parent 114-18 national restructuring and legacy of distinctive systems 118–21 political dimension 121–5 culture 30-1, 38 cross-cultural awareness 184-6 national 17, 31, 32, 225, 226, 236 organizational 31, 198 perspectives on national systems and management action 28-32 shock and problems 174, 185 and transfer of human resource practices 103-4 customization 95 Cyert, R. 56, 69 DaimlerChrysler 60, 112, 116, 183 Davenport, T.H. 152, 153, 167 decentralization 71, 198 Denmark 115, 263 deregulation 8-9 Deutsche Bank 116, 186 Deutsche Telekom 60, 62

developing countries 130

see also Africa; China Dicken, P. 5, 25, 45, 48, 56, 63 diffusion of employment practices corporate characteristics promoting 100-3 'diffusability' 92-4 hierarchy of economies and 94-100 process of 103-7 of international human resource management 91-147 see also China; cross-border mergers: transfer of human resource practices reverse 18-20, 97 Diller, J. 264, 272-4, 276, 277, 278 discrimination 208-12, 273 DiStefano, J. 176, 178 diversification/diversity cultural 30-1 and MNC expansion 134 product 68, 95, 100 quality production 95 division of labour 158-60 Doane, D. 263, 275, 277 dominance effects 94–9, 234–5 Doremus, P. 4, 13, 59 Dow Jones Sustainability Index 262–3 Dowling, P. xi, xii, 75, 198, 214 Duan, Y.C. 140, 141, 142 Dunning, J. 55-6, 132

East Asia 23, 60, 181
national systems and management
action 30, 31
strategy and structure 80, 82
see also China; Japan; Korea; Triad
Eastern/Central Europe 130, 247, 269,
289
eclectic paradigm 55–6
economic universalism 8–10
economies of scale 52, 70, 72, 163
Edwards, Christine xvii-xviii
China 129–47
Edwards, P. 40, 76, 247, 254

Edwards, Tony xvii China 129-47 globalization 3-26 internationalization of firm 45-65 knowledge management 157, 162, 164, 165-6 mergers and acquisitions 111-28 national systems and management action 27-44 pay and reward 228-9, 230 strategy and structure 66-87 transfer of human resource practices 91–110 efficiency advantage 53-4 electricity industry 60, 138, 185, 244 electronics industry 95, 158-60 Elliot, A.K. 266, 269, 274, 279, 281 Emans, B. 223-4, 225 embeddedness xii, 92 in country of origin 59–61 future 289-90 of knowledge 153-4 of meaningful learning 176–7 national 187-9 of social structure 32-3 of strategy 80–3 EMF (European Metalworkers' Federation) 242, 244, 250, 251 emissions 264 emotional development 177 empathy, need for 201 employee co-operation and commitment 254-7 equality 100 involvement 54 relations, different 114 representation, international xv. 242–61, 289, 291 forms of 243-5 future prospects 257-8 see also collective bargaining; representation under management; significance; trade unions rights 118-19, 248 see also employment; labour

employer's organizations 251–2 employment Employment and Social Affairs Council practices see under diffusion regulation 39, 119, 120, 278-9 see also employee; labour in malliment engineering industries 95, 158-60, 223 Engineering Products 105–7 ENI 60, 252 Enron 234, 270, 273, 278 entrepreneurial skills 205-6 environment 263, 264 equality 100 lack of 218-21 Ericsson 81, 271 Eschbach, D.M. 184, 185 ethics 183, 265, 274 see also corporate social responsibility ethnicity in recruitment and selection 208-12 ethnocentricity 31, 72, 73, 82, 181, 218 description meson famour ETUC (European Trades Union Congress) 244, 249–50 Europe/European Union and China 129, 130 corporate social responsibility 263-4, 266, 270, 279 cross-border mergers and acquisitions 113-20 passim, 122, 123 employee representation 242–57 passim future 288, 292 globalization 8, 14, 15, 16, 18, 21, 23 internationalization of firm 51, 52, 60-1, 62 knowledge management 164, 166 management development 174, 181, 184, 185, 186, 187-9 Monetary Union (EMU) 251 national systems and management action 30, 33-4, 36, 39 recruitment of managers 198-9, 204, 208, 210

reward and pay 219-24 passim, 226-30, 232-3 strategy and structure 72, 76, 77-9, 81, transfer of human resource practices 92-3 Works Councils see EWCs see also in particular France; Germany; Italy; Scandinavia; Triad; United Kingdom European Foundation 247, 251 European Metalworkers' Federation 242, 244, 250, 251 European Trades Union Congress 244, 249–50 Evans, P. 126 evolutionary approach, strategic 67, 68-9 EWCs (European Works Councils) 119, 242, 244, 245-6, 248, 250-7 passim expatriate manager see international manager 'expatriation' concept 197 experience 203 and learning 158, 177–8 explicit knowledge 152, 153-4, 162, 164 Exxon Mobil 60, 265, 270, 291 are a meaning or an incompanied a San fairness 123, 264, 270 Fairtrade Foundation 263, 269, 272, 276, 278, 279 family 32, 80, 211-12 fast food 269, 270, 278 see also McDonald's Faulkner, D. 115, 126 Faux, J. 268, 269 FDI (foreign direct investment) 5, 12, 20 China 129, 130-1, 140, 141 concentrated in 'Triad' 14-15 early 94 future 287-8, 293 growth in 13, 16, 72 Ferner, A. xi, 50, 117, 292 international pay and reward 230, 236, 247 international strategy and structure 81-3, 84, 85

knowledge management 157, 164, 165-6 national systems and management action 32, 40, 42 transfer of human resource practices 93, 95, 97, 99, 100, 104, 108 FIAT 60, 252, 255 finance and investment 32, 53, 269, 289 China 129-31, 140-4 early 48-9 foreign direct see FDI incentives 200, 203 see also reward and pay international 5, 10–11, 13, 23 see also FDI services and banks 80, 95, 114-15, 116, 186, 207 socially responsible 276-7 Finland 61, 115 reward and pay 219-21, 223, 224, 227 firm-specific advantage 53-4 flexibility 93, 206, 255 food and catering sector 77, 189-90, 245, 246, 269, 278 see also McDonald's forced labour/slavery 267-8, 273, 275 child 268, 270-7 passim, 279 Ford 60, 230 employee representation 244, 247, 252 social responsibility 264, 270 foreign direct investment see FDI formal methods of selection 203-4 Forsgren, M. 122, 161 Forster, N. 174, 192, 196, 201, 211, 212-13 France 34, 263, 292 cross-border mergers and acquisitions 113-16 passim, 120, 122-5 passim employee representation 244, 245, 251, 252, 253 globalization 16, 23 internationalization of firm 60, 61 management development 181, 187-9 reward and pay 219-21 strategy and structure 76, 80, 83 transfer of human resource practices

97, 106

France Telecom 60, 116 'free-standing companies' 48–9 see also transnational companies Freeman, R. 49-50, 256, 266, 269, 274, 279, 281 Frenkel, S. 79, 132, 145 Friedman, M. 263, 265&n FTSE4Good Index 263, 266 functional perspective of knowledge 155, 156 future xv, 287-93 change 291-3 competitive challenges 288–9 contestation 290-1 embeddedness 289-90 employee representation 257-8 globalization 287-8 international management development 191

Gamble, J. 108, 135, 145 Gammelgaard, J. 137, 151, 162 Gap, The 102 and China 130, 132 social responsibility 266, 273, 278, 279 Garavelli, A.C. 153, 154, 155, 156, 167, 168 GCCs (global commodity chains) 34, 50, 102 II. MAE SHIERDARASTA INDIA gender in recruitment and selection 208-12 General Electric 60, 138, 185, 244 General Motors 59, 60, 230, 279 employee representation 247-8, 251, 252, 255-6, 258 14 144 142 1411111 Gereffi, G. 12, 34, 50, 102 Germany 292 corporate social responsibility 263, 264, 279 cross-border mergers and acquisitions 112-17 passim, 120, 123 employee representation 244, 245, 247-8, 251, 252, 255-6 globalization 15, 18, 23 internationalization of firm 60-1, 62

knowledge management 164, 166 management development 181, 186 national systems and management action 34, 36 recruitment of managers 198-9, 204, 208, 210 reward and pay 219-23 passim, 226-8 passim, 230, 233 strategy and structure 80, 83 transfer of human resource practices 92–3, 95–6, 97, 99 Ghoshal, S. 12, 13, 114, 230, 289 international strategy and structure 70–81 passim knowledge management 151, 161-2 recruitment of managers 196, 198, 203, 213, 214 glass ceiling 115 and the many much and the GlaxoSmithkline 60, 163-4 globalization/global 23, 268-9 commodity chains 34, 50, 102 database 184 defined 4-5 firm 58-62, 72, 73, 74 future 287-8 LEI soledamin della e integration 70 and the limit was and international management 3-26, 288 national business systems, change in 17 - 22responses to theorists 13–17 understanding management action 22 - 4see also multinational companies labour regulation 278-9 strong 5-6, 10-17 theories 37, 38 value chains 136 see also transnational companies 'Good Corporation' charter 267 Goodman, R. 207, 208 and a minimum Gorgoglione, M. 168 Gourlay, Stephen xviii knowledge management 151-71 Govindarajan, V. 151, 168

Gray, J. 11, 92 greenfield investments/sites 101 Greenpeace 264, 271-2 'greenwash' 277-8 Gregersen, H. 176, 179, 201, 212 guanxi 135 Gupta, A. 151, 168

Hall, M. 245, 252-3 Hall, P. 23, 32, 36-7, 96 Hamada, T. 206, 207, 208 Harris, H. xi, xii, 174, 189, 192, 202 Harvey, M. 152, 166 Harzing, A.-W. 165, 198, 200 Hassel, A. 62, 233, 292 Hayden, A. 83, 92, 97-9, 228-9 headquarters see country of origin health and safety 273, 274 Hedlund, G. 12, 74, 98, 151, 161 Heertz, N. 263, 266, 269, 270, 275 hegemony see power heterarchical firm 74 heterogeneity, cultural 32 hierarchy and authority 104 of economies and diffusion of practices 94-100 networking within 79 Hiltrop, J.M. 30-1, 33 Hirst, P. 25, 59, 212, 288 globalization 4, 12, 13, 14, 15, 16 Hitachi 16, 60 Hocking, J. 152, 165 Hoffman, R. 250, 251, 253 Hofstede, G. 28, 29-30, 38, 42, 225, 226 Holden, L. 42 home country see country of origin homogeneity, pay 227 Honda 59, 60, 95 Hong Kong 31, 60 Hoogovens 124, 125 human resource development (HRD) 166, 176

54, 265-70

international see context; diffusion; management; SIHRM; themes human rights see rights Humphrey, J. 108 Hutton, W. 268, 272, 277 'hybrid' MNC 75 Hyman, R. xi, 67

Hymer, S. 53, 55 IBE (Institute of Business Ethics) 267, IBM 29, 134, 225 international management development 183, 186 internationalization of firm 59, 60 transfer of human resource practices 101, 104 ICFTU (International Confederation of Free Trade Unions) 246, 250 IHRM see international human resource management Ikea 263–4 ILO (International Labour Organisation) and corporate social responsibility 266, 273, 274&n, 276, 279 and discrimination 209-10 image and recruitment 198-9 IMD see international management development IMF (International Monetary Fund) 9-10, 11, 288 implicit knowledge neglected 152, 153, 162-3, 164-5 'incompetence, skilled' 179 India 15, 34, 132 individualism 29, 30, 225, 226 Indonesia 49, 275, 279 inequality, pay 218–21 informal methods of selection 202-3 information see IT; knowledge infrastructure, investment in 48, 49 Ingram, P. 153-4 human resource management (HRM) 13, innovation -based oligopoly 52

innivation (continued) in pay systems 228–9 worldwide 71 Institute of Business Ethics 267, 275 institutional perspectives 32–9, 225 integration global 70 international 101–2 national economies 5 network 74–5 interactive perspective of knowledge 155-6 inter-governmental organization see representation *under* employee internal labour markets 114 internalization 54–6 International Confederation of Free Trade Unions 246, 250 international corporate responsibility see corporate social responsibility international employee representation see representation under employee international firm 73, 74 international human resource management see context; diffusion; management; SIHRM; international image and recruitment 198-9 international integration 101–2 International Labour Organisation see ILO international management development xiv, 13, 172-94, 196, 289 changing scope of 173-4 future developments 191 initiatives 180–90 learning theory and 176–80 manager roles and development implications 175–6 structures 100-1 international manager 174-6, 197, 198, 212-13 see also recruitment and selection International Monetary Fund 9–10, 11,

international pay and reward see reward and pay international strategy and structure xiii, 66-87, 288, 290, 291 embeddedness of strategy 80-3 key influences on 70-6 organizational politics in 76-80 see also strategy international trade unions 244 internationalization of firm xiii, 45-65 in China 140-4 defining multinational company 46-8 'global firm' 58-62, 72, 73, 74 motivations for 48–58 Internet 6, 7, 271 investment see finance and investment Ireland 61, 100, 251 IT firms 23, 120, 123, 134, 152, 167, 244 see also IBM Italy 164, 181, 223, 292 corporate social responsibility 263, internationalization of firm 60, 61 national systems and management action 36-7 Mill without mindred Japan 31, 115, 244 and China 130, 136 corporate social responsibility 263, 264, 267 globalization 14, 16, 20 internationalization of firm 52, 54. 60-1 just-in-time system 54 knowledge management 161, 165 management development 174, 181, 184 recruitment of managers 196, 206-7, 208, 210 reward and pay 226, 230-1 strategy and structure 72, 76-7, 81 transfer of human resource practices 93-7 passim, 99, 100, 102-3, 104 job description 197 Johansson, J. 62, 63, 161 John, R. xi, 48, 51

joint ventures 132, 175 Joseph, E. 264, 265, 277, 278 just-in-time 54 Kamoche, K. xi, 152, 168 Kaplinsky, R. 50, 132, 136 Karakowski, L. 200 Klein, N. 132-3 corporate social responsibility and employment relations 265, 266, 268-74 passim, 278, 279 knowledge management xiv, 151-71, 289, 290 and international HRM 164-6 in multinational companies 160-4 and situated cognition 155-7 social perspective 32-3, 34, 35, 155, 156 structural 153, 155-6, 158-60 transfer of knowledge 153-5, 157, 158-61 see also explicit knowledge; implicit knowledge; learning Kolb, D. 173, 176-7 Kolk, A. 273, 274, 281 Korea 10, 130, 132, 181 Korten, D.C. 4, 269 Kristensen, P. 42, 79 labelling 276-7 labour/workers cheap, lure of 49-51 child 268, 270-7 passim, 279 costs 50 division of 158-60 internal markets 114 involvement 95 issues 265-7 new international division of 49, 52–3 regulation 21, 39, 119, 120, 278-9 temporary 117 transfers, international 157 World Federation 244

see also employee; employment; forced

labour; ILO; trade unions

Lado, A.A. 162, 167

Lam, A. 158-60, 163, 168, 206, 208 language problems 201, 205, 250 Latin America 30, 130, 181 corporate social responsibility 266, 268, 278, 279 globalization 9, 15 law see legal framework Le Blanc, G. 120-1, 123 lean production 95, 100 learning 105, 155-8, 176-80, 184 see also knowledge legal framework/regulation corporate social responsibility 278–9 cross-border mergers and acquisitions 118, 119, 120 deregulation 8-9 national systems and management action 32, 33-4, 39 recruitment and selection 202 Legrain, P. 11, 14, 45, 59, 279 Li, J. 200 liberal market economies (LMEs) 36-7 Linehan, M. 209, 210, 215 living standards 130 Lloyd, J. 264, 268, 269, 270, 272 LMEs (liberal market economies) 36-7 local factors 70, 124, 134 location-specific advantage 56 long-term planning 67 Lowe, K. 227, 234 M&As see mergers and acquisitions McCauley, C. 173, 180 McCawley, T. 266, 276

M&As see mergers and acquisitions
McCauley, C. 173, 180
McCawley, T. 266, 276
McDonald's 131, 266
internationalization of firm 39, 54, 61
reward and pay 228, 230, 233
social responsibility 271, 274, 278–9
McIntosh, M. 264, 269, 272
Maitland, A. 263, 266, 274
Malaysia 102–3, 132, 136
management
and employee representation 253–7
international 100–1
senior 122–3

288

management of human resource practices in MNCs 151-284 see also knowledge management; multinational companies; recruitment and selection March, J. 56, 69 Marginson, P. 23, 77 employee representation 247, 249, 250, 251, 256-7 internationalization of firm 53, 54, 64 transfer of human resource practices 101, 102 Marsick, V. 173, 180 Martinez, M. 77, 93 masculinity 29, 225, 226 Maurice, M. 23, 34 Maznevski, M. 176, 178 Medenhall, M. 126 Meiksins, P. 94, 108, 234-5 mental maps, reframing 178-9 mergers and acquisitions 161 see also cross-border mergers millimedia metalworking sector 124-5, 223 million li employee representation 242, 244, 245, 246, 250, 251 Table 1 (hard) Mexico 61, 279 Meyer, M. 80, 114 migration 6, 7, 14, 244 minimum pay, statutory 232 Mintzberg, H. 56, 69, 122 Mishel, L. 268, 269 MNCs see multinational companies mobile phones 60, 112, 270 modernizations, Chinese 'four' 140-1 Monbiot, G. 268, 269 Moore, Fiona xviii recruitment of managers 195-216 Morgan, G. 40, 42, 187-9, 291 Morris, J. 108 Morrison, A. 181, 192 motivation Fit and Ind. A language of expatriate managers 200-1 for internationalization of firm 48-58 Motorola 61, 185, 270 Mtar, M. 83, 97

Mueller, F. 77, 85, 247 Müller, T. 251, 253 Muller-Camen, M. 42 'multi-centred' firms 161 multiculturalism 70, 186-9 multinational companies 12-13 defining 46-8 knowledge management in 160-4 see also China; cross-border mergers; employee; future; globalization; international management; international strategy; internationalization; knowledge management; management; national systems; recruitment; reward and pay; transfer of human Murray, S. 264, 266 Myanmar (Burma) 270, 271, 275 myths 59 call angled wood to subjust international manager 174, 198, 212-13 NAFTA 21, 243, 246, 249 national differences 59 Table 1 cultural 17, 31, 32, 225, 226, 236 mergers and acquisitions 114-18 see also country of origin national systems business 17-22, 114, 289-90 distinctive 118-21 and management action xiii, 17, **27–44**, 290, 292 cultural perspectives 28-32 institutional perspectives 32-7 interpretation framework 37-40 natural selection 68-9 M manual selection neocolonial model of management 173-4 marati lauruluuniin aan Nestlé 60, 244, 262 Netherlands 263 cross-border mergers and acquisitions 118, 119, 124-5 internationalization of firm 57, 60

reward and pay 223, 224

network/networking 105-7 integrated 74-5 knowledge management 161-2 within hierarchy 79 new international division of labour (NIDL) 49, 52-3 New Zealand 130 Newman, K. 225, 236 NGOs see non-governmental niche markets 95 Nike 54, 102, 291 and China 131, 132, 133, 136 Code of Conduct 47, 275-6 social responsibility 266, 271, 275-6, 278, 279 Nollen, S. 225, 236 Nonaka, I. 152, 153 non-governmental organisations 263, 271 Nordea 114-15, 122-3 North America 8, 14, 29, 130, 208, 246, see also Canada; Triad; United States Norway 34, 115, 219-21, 263, 266 Novicevic, M.M. 152, 166 reward and pay 219-21, 232 Ohmae, K. 4, 59

OECD (Organization for Economic Co-operation and Development) 9 employee representation 243, 248, 249 oil industry 60, 112, 247, 291 international management development 182, 186 social responsibility 265, 266, 270, 273 Oliver, N. 54, 95 Opel 247, 252, 255-6 Open Door Policy (China) 130, 138, 140-1 Operating and Financial Review (OFR) 263 optimistic perspective on China 131, 134-5, 137, 138 organization effect 23-4, 37, 40 organizational culture 31

Pakistan 272, 275 paradigm shift 151 part-time work 93 pay see reward and pay performance appraisal 292 and pay see PRP Perlmutter, H. 71, 72, 73, 74 Perretti, J. 271 personal relationships 162-3, 201 pharmaceutical industry 21, 77 cross-border mergers and acquisitions 112, 116–18 internationalization of firm 53, 56 knowledge management 163–4 Philippines 49, 132, 140 Pitkethly, R. 126 PLC (product life cycle) 51-2, 53 politics/political activity in MNCs 77-9 mergers and acquisitions 121-5 organizational 76–80 universalism 8 polycentric firm 71, 73 Pontusson, J. 220, 221 Porter, M. 68, 71, 101 Pouyet 120, 123 power distance 29, 30, 225 dominance effects 94-9, 234-5 relations 40 sources and promotion 77 PricewaterhouseCoopers 181, 266, 277-8 prior knowledge 156, 157 private finance initiatives (PFI) 269 privatization 8-9 processual approach to strategy 67, 121-2 product diversification 68, 95, 100 life cycle (PLC) 51–2, 53 production Anglo-Saxon 97–8 producer-driven commodity chains 102 segmented 102-3 standardised 101-2

profit maximisation 67, 68 promotion 77, 115 PRP (performance-related pay) 67, 115, 222-5, 227, 233 psychology 6, 8, 155, 156 Pucik, V. 126 Purcell, J. 77, 85, 217, 247

quality 95 Ouante 120, 123 Quintanilla, J. 81, 83, 97, 292

Rainforest Alliance 272, 278 raw materials, search for 48-9 recruitment and selection of international managers xiv, 13, 195-216, 266, 279, 289 criteria for 197-202 definitions 197

gender and ethnicity in 208-12 myth of international manager 174, 198, 212–13

selection of managers 202-8 recycling 264 Red Cross, International 271 Rees, Chris xvii, 40 cross-border mergers and acquisitions

111-28 international strategy and structure

66-87

transfer of human resource practices 91-110

references, selection 204 regional effect 23, 37, 39 regulation see legal framework relationships 162-3 repatriation 174 representation see employee representation 20 8a annualization responsibility see corporate social

responsibility results, payment by 222-3 résumés, selection 204 reverse diffusion 18-20, 97

reward and pay xv, 120, 217-44, 290 best practice 234-7

China 132, 133 and corporate social responsibility 266, 269

cross-national variation 218-26 and employee representation 250, 251 inequality 218-21

low 273, 279 MNCs and 226-31

performance-related 67, 115, 222-5, 227, 233

and recruitment 200, 201, 202 strategy, space for 231-4 systems 221-6 see also collective bargaining

rights, human 123, 263, 264, 271 employee 118-19, 248 see also employee representation

Ross, A. 275, 279 Royle, T. 39, 54, 228, 233, 266, 279 Ruigrok, W. 13, 59

Russia 9, 269

see also Soviet Union

SA8000 code 272, 274 Sachdev, Sanjiv xviii

corporate social responsibility and employment relations 262-84

Sakai, J. 206, 207, 208 Sandbrook, R. 264n

Sara Lee Knit Products 274&n

Save the Children 266, 272, 274&n, 279 scale, economies of 52, 70, 72, 163 Scandinavia 23, 161, 292

corporate social responsibility 263, 266 cross-border mergers and acquisitions 114-15, 116, 122-3

employee representation 244, 251 internationalization of firm 52, 61 national systems and management

action 34, 36 reward and pay 219-24 passim, 226,

228-30

strategy and structure 77-9, 81, 83 transfer of human resource practices in MNCs 95-6, 97-9

see also Finland; Norway; Sweden

Scarborough, H. 6, 151, 152, 167 Scholte, J.A. 4 Schuler, R. 75, 121, 152, 173, 225-6 Schulten, T. 222, 223, 233, 249, 250, 251 Scozzi, B. 168 Scullion, H. 89, 174 segmented production 135-9 selection see recruitment and selection Selmer, J. 174, 201, 212 seniority 203, 222, 225 services sector 245, 246 see also food sexual harassment 279 Shapinker, M. 266, 275-6, 279 share ownership by employees 226 Shell 60, 186, 247, 266, 273 Siemens 60, 61 significance of employee representation 245-53 changing concerns 245-8 co-ordinated bargaining in Europe 249-51

European works councils see EWCs standards, raising 248-9

SIHRM 67, 83, 166 Singapore 61, 130

Sisson, Keith xviii-xix, 77, 232 employee representation 242–61

skill 72, 203-4, 225 Sklair, L. 21-2, 39, 212, 215

slavery see forced labour/slavery Smith, C. 94, 108, 234-5

social organization 32-3, 34, 35 social perspective of knowledge 32-3, 34, 35, 155, 156

social responsibility see corporate social responsibility

social structure, embeddedness of 32-3 soft drinks industry 53, 61, 263 Sorge, A. 34, 38-9, 42

Soskice, D. 23, 32, 36-7, 92 South Asia 15, 34, 132, 272, 275

South Korea 10, 130, 132, 181

South-East Asia 9, 15, 30, 49, 102-3, 246, 288

and China 130, 132, 136, 140

corporate social responsibility 270, 271, 275, 279

Soviet Union 244, 289 see also Russia

Spain 60, 113, 119, 124, 225, 247 Sparrow, P. 30-1, 33, 173, 175-6

SRI (socially responsible investment) 277 staff see labour

Stahl, G. 113, 121, 126

stand-alone operations 134 standardization

of pay systems 228-9 of production 101–2

Starbucks 269, 270, 278

state 32, 80, 175-6 steel see metalworking

Stiglitz, J. 9–10, 25, 269 strategic international human resource management (SIHRM) 67, 83, 166

strategy

classical approach to 67, 68 defined 66-70 embeddedness of 80-3

evolutionary approach to 67, 68-9 international see multinational

companies

key influences on 70-6 outcomes of 67

processual approach to 67, 121-2 product diversification 68

reward and pay 231-4

see also international strategy Streeck, W. 17, 95

strong globalization 5–6, 10–17 structural knowledge 153, 155-6, 158-60

subcontracting 47 subsidiaries 72, 76

China 137, 140-4

sustainable development 264&n Swedco 97-9

Sweden 23, 161, 244, 292

cross-border mergers and acquisitions 115, 116

internationalization of firm 52, 61 national systems and management action 34, 36 reward and pay 219–23 passim, 227–30 passim strategy and structure 77–9, 81, 83 transfer of human resource practices in MNCs 95–6, 97–9 Switzerland 34, 60, 61, 77–9, 210, 230 Szulanski, G. 154, 163

Takeuchi, H. 152, 153 Tayeb, M. xi, xii, 29, 31, 173 Taylor, B. 136, 145 TCNs (third-country nationals) 205 teamwork 19, 152 technology information see IT strong 53 transfer 141 universal 6, 7 telecommunications 60, 116, 244, 245 see also IT temporary ('contingent') workers 117 tests, selection 204-5 textiles sector 246, 269 Thelen, K. 36-7, 233 themes, major xii-xv see also change; contestation; embeddedness; globalization Thompson, P. 25, 59, 212, 268, 288 globalization 4, 12, 13, 14, 15, 16 Thomson Corporation 59, 61, 245, 247 3M 182-3 Tienari, J. 122, 127 time/timing expatriate assignment 199-200 orientation 29 working 251 TNCs see transnational companies TNI see Transnationality Index TotalFinaElf 60, 112 Toyota 60, 95, 247 Toys 'R' Us 270, 274 trade 130 fair 263, 264, 269, 270, 272, 276, 278,

and corporate social responsibility 268, 274, 278-9 and cross-border mergers and acquisitions 119, 120, 124-5 national systems and management action 33-4, 36-7 and reward and pay 223, 232-3 see also collective bargaining see also labour; representation under employee training 92-3, 184-6 transaction costs 46, 55 transfer of human resource practices xiii-xiv, 91-110, 288, 290, 291 see also employment under diffusion 120

Transfer of Undertakings (Protection of Employment) Regulations 119, 120
transnational companies 12, 102, 154, 198, 243, 289
genuine (rare) 15–16
international strategy and structure 73–6
national systems and management action 31, 40
as new organizations 13, 21–2
and states 5
top hundred listed 60–1
see also globalization; multinational

Transnationality Index 15, 62, 77, 116 transport sector 245, 246 'Triad' 14–15, 23, 39, 49 see also East Asia; Europe; North America
Tsogas, G. 270, 272, 273, 274, 278

companies

UAC (United Africa Company) 57, 58 uncertainty avoidance 29, 225, 226 Unilever 57–8, 60, 178, 183, 186, 244, 247 unions see trade unions United Africa Company 57, 58 United Kingdom and China 135, 137, 142–4 corporate social responsibility 262–3, 265, 267–9n, 271, 272, 274, 277

cross-border mergers and acquisitions 112–25 passim employee representation 244, 247, 251, 252–3, 255 future 292 globalization 9, 16, 18, 19, 20, 23 internationalization of firm 48-9, 54, 57, 60-1 knowledge management 161, 164, 166 management development 174. 176-7, 181, 187-9 national systems and management action 31, 34, 37 recruitment of managers 196, 204, 210 reward and pay 218-24 passim, 228, 229, 237

229, 237 strategy and structure 76–7, 80 transfer of human resource practices in MNCs 93–9 passim, 104–7 United Nations 12, 15

Centre on Trade and Development 130 Commission on Transnational Corporations 243 corporate social responsibility 263,

Development Programme 269 employee representation 242, 243, 248

269, 272

internationalization of firm 48, 62, 64 Transnationality Index 15, 62, 77, 116 UNICEF 272

United States 39, 54, 131, 204 and China 130, 137–9 corporate social responsibility 204, 263, 267, 269–70, 272–9 passim cross-border mergers and acquisitions 113–18 passim, 123 employee representation 244, 246,

252–3, 254 future 290, 292 globalization 10, 15, 16, 19–20, 23 internationalization of firm 49, 51, 52, 54, 59–61

knowledge management 164, 165–6 management development 174, 176–7, 181, 184, 185, 188–91 passim

national systems and management action 30–7 passim recruitment of managers 196, 200,

recruitment of managers 196, 200, 202, 210

reward and pay 219-21, 222, 227, 228, 230, 254-8

strategy and structure 72, 80, 81–3 transfer of human resource practices in MNCs 93–100 *passim*, 106

universalism 6–10 utilities 245

Vaara, E. 114–15, 122, 127
value chains, global 136
value systems 29–30
Van Den Bulcke, D. 140, 141
Van Ruyssveldt, J. xi, xii
van Tulder, R. 13, 59, 273, 281
Varul, M. 97, 99, 164, 166
Vauxhall 247, 251, 252, 258
Vernon, Guy xix
international pay and reward 217–41

Vidal, J. 263, 266, 270, 279 Vivendi 60, 113, 252 Vodafone 60, 112, 270 Volkswagen 60, 245, 247 Volvo 61, 230

wages see reward and pay Wal-Mart 16, 60, 133 Walsh, J.S. 209, 210, 215 waste disposal 113 water 113, 263-4 Watkins, K. 173, 180 Wazir, B. 275, 276 Welch, D. xi, xii, 198, 214 Weston, S. 77, 93 Whitley, R. 97 globalization 16-18, 19, 20, 22, 25 international strategy and structure 69-70, 80, 81 national systems and management action 32, 34-5, 42 Whittington, R. 67, 68, 80, 114 Wiedersheim-Paul, F. 62, 63, 161

see also WTO

trade unions 19, 250

Wilkinson, B. 54, 95, 102-3, 108, 136 Williamson, O. 46, 47, 55, 68 Wilson, M.C. 162, 167 Wolf, M. 7, 11, 13, 265, 279 Wolfensohn, J.D. 263, 268 women 100, 189-90, 206, 208-12 Woodall, Jean xix, 266 knowledge management 172–94 workers see labour Workplace Employment Relations Survey 223 works councils 228 European see EWCs World Bank 9, 263, 268-9

World Federation of Labour 244 World Wide Fund 264 WorldCom 234, 270 WTO (World Trade Organisation) 9, 39, 130, 249, 288 corporate social responsibility 268, 272, 279

Young, S. 140, 141

Zhang, H. 140, 141 Zhang, Miao xix China 129-47 Zhu, Y. 141, 144, 145



658.3 EDW/I Books CASMTVK

310

Chrysley and Property Colleges and Colleges



International Human Resource Management

Globalization, National Systems and Multinational Companies



Tony Edwards | Chris Rees

This exciting new text tackles the issues raised by cross-national differences in HRM styles. Specifically, it identifies a number of themes: the meaning of globalization and the extent to which it is a novel phenomenon; the challenges to national traditions; the way in which many key issues within international HRM are contested; and the extent to which change in national systems is evident.

Features

- Provides a clear, cohesive theme throughout the text.
- Broad depth of coverage of multinational companies reflects the current major themes.
- Case studies throughout help students to see how the theory applies in practice, many from the authors' own research.
- International HRM is approached from an institutional context means that students will understand more than just the cultural values of this subject.



This edition is manufactured in India and is authorized for sale only in India, Bangladesh, Bhutan, Pakistan, Nepal, Sri Lanka and the Maldives,