ROUTLEDGE COMPANIONS

The Routledge Companion to International Human Resource Management

Edited by David G. Collings, Geoffrey T. Wood and Paula M. Caligiuri

‘These three distinguished professors in international human resource management have crafted an excellent set of chapters prepared by an outstanding collection of authors from every corner of the world! The editors and chapter authors do a terrific job in providing an excellent review of their specific topics and suggesting directions for further work. The result is a splendid and unique contribution to the field of international human resource management, one sure to be enjoyed and utilized by faculty, students and practitioners everywhere.’

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‘This is a much needed and timely book and a must-read for academics and students in the field. It not only assembles the authoritative voices in the text it also frames IHRM in a new and insightful way. In particular, the topics addressed in the final section indicate the major issues of current research and practice in IHRM which are important for its future development.’

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Wayne F. Cascio, PhD, Distinguished Professor, University of Colorado, USA

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The Routledge Companion to International Human Resource Management

International human resource management (IHRM) is a key area of research in the sphere of international business and management. Described as a field in its infancy in the 1980s, IHRM has quickly advanced through adolescence and into maturity. Today, it is a vibrant and diverse discipline that boasts a large and active body of researchers across the globe.

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Drawing on a large and respected international contributor base, and with a focus on mature and emerging markets, this book is an essential resource for researchers, students, and IHRM professionals alike.

David G. Collings is Professor of Human Resource Management at Dublin City University, Ireland. He has published widely in the field of international HRM with a focus on global talent management and global staffing issues.

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Introduction

David G. Collings, Geoffrey T. Wood and Paula M. Caligiuri

Introduction

International human resource management (IRHM) is one of the key areas of research in the field of international business and management. Described as a field in its infancy in the 1980s (Laurent, 1986), international human resource management has quickly advanced through adolescence and into maturity. A key objective of the current volume is to reflect on the key advancements that have been made in our understanding of IHRM over the past few decades. More significantly, the volume will provide valuable insights into the key directions in which research should be directed as the field continues to develop over the coming decade and beyond.

In this introduction we briefly set the context of the chapters that follow. It is not our intention to chart the landscape of the field in the current chapter. Rather we leave it to the authors in the chapters that follow to provide an overview of current knowledge in the specific topic of the chapter. Each chapter will identify key issues and debates around the topic and consider how the research agenda of the area is likely to unfold. Authors were chosen for their expertise in the respective areas and hence we hope that as a whole the Companion provides a relatively authoritative overview of the broad field of IHRM and equally charts the important directions which research should evolve over the coming decade or more. We are conscious that IHRM is 'a highly dynamic and constantly evolving field, with new themes emerging that transcend traditional approaches' (Björkman and Stahl, 2006: 6). This means that the boundaries of the field are constantly evolving with new issues and questions emerging which require insights from parallel fields that have traditionally been neglected by IHRM studies. Indeed, critics of the research direction of the field point to what they perceive to be a narrow performative and managerialist perspective that has dominated research in the field. For example, Delbridge *et al.* (2011: 489) argue that

> IHRM will become increasingly irrelevant to both researchers and practitioners if it does not extend and replenish the theoretical resources at its disposal in order to allow a more comprehensive and compelling articulation of the increasingly diverse and complex range of issues that are important in managing people in international contexts.

Thus the current volume considers key issues and topics which have had a central place in international HR studies for a number of decades and some wider contemporary perspectives and issues. The former includes the chapters in part three which focus on the management of international assignments. Indeed, of all topics within the broad field of IHRM, arguably the management of international assignees has dominated the research agenda in the field for over three decades (Collings *et al.*, 2007; Harvey and Moeller, 2009). Equally, part two which considers more broadly the issues around managing international HRM in the MNE. The chapters in this section very much focus on the acquisition, development, deployment and motivation of employees in the contemporary MNE. The focus of this section is on the key functional area of human resource management, highlighting how strategic, cultural, and comparative issues can influence the effectiveness of those practices within global organizations. Such approaches offer important insights for the consideration of IHRM issues.

Additionally parts one and four consider a wider range of issues which impact on IHRM. Recognizing the wide range of disciplinary traditions which inform IHRM, part two considers a number of key theories which frame discussions on IHRM. While some of these chapters present research from relatively developed research streams within the IHRM field (for example, Minbaeva and DeCieri's chapter on strategic IRHM, Brewster and Wood's chapter on comparative HRM and Jackson's contribution on cultural approaches), other present more critical and under-represented perspectives in the IHRM field (for example, Almond and Gonzalez introduce an economic geography perspective, Hughes and Haworth consider the challenges of transnational governance of labour relation, Lamare, Farndale and Gunnigle introduce a wider employment relations perspective and Klerck highlights the relevance of sociological theories).

The final section of the *Companion* reflects the vibrancy and diversity of the field and engages with the increasingly complex range of issues which are important in contemporary debates on IHRM. These include with the impact of supply chains (Cooke), ethics and corporate social responsibility (Muller-Camen). Topics such as, *inter alia* the role of language in IHRM (Tietze *et al.*) global teams (Gibbs and Malgorzta) and international mergers and acquisitions (Teerikangas *et al.*) are also given consideration.

The following section provides an outline of the structure of the book and the content of each part.

Chapter summaries

This handbook brings together a wide range of accounts to look at HRM and the multinational. However, what unites them is a broad rootedness in the overall literature on political economy, and a concern with not only national difference, but the nature and circumstances of fluidity thereof.

In Chapter 2, Dana Minbaeva and Helen De Cieri explore the rise of the study of strategic international HRM. The latter borrows the concepts and tools of strategic HRM, but focuses on inter-unit dynamics across national boundaries. Recent analysis takes explicit account of the nature of global changes and challenges, encompassing issues ranging from demographic change to economic and human-created environmental crises. The authors argue that such challenges may pose barriers to the internationalization process. The authors conclude the chapter by drawing out an agenda of pressing issues and concerns for future researchers, and key methodological challenges.

In Chapter 3, Gilton Klerck highlights the relevance of sociological theories, perspectives and tools for understanding the nexus between global commonality and local adaption in HRM within the MNC. Whilst they have much to offer at the theoretical and methodological level, as Klerck notes, there is always a tension between benefits of disciplinary rigour and the virtues of cross-disciplinarity. However, many of the concepts central to management studies are borrowed from sociology, although generally at the macro-level; micro-level work has tended to be more psychological. A further issue is sociology's emphasis on the public intellectual, which raises the question as to whether enquiry in the field of international HRM should be vested with a moral question, especially in a world beset with economic crisis and worsening social inequality. This raises the issue as to whether international HRM should place less emphasis on taxonomies of practice, and more on placing them within historical, socio-economic, and, ultimately, transformative terms.

In Chapter 4, Mick Brookes explores the insights the fields of heterodox economics and socio-economics can bring to bear for exploring the nature of the multinational firm. He highlights the impact of conceptualizations such as legal origin, national regulatory framework, and how cultural accounts relate to such an analysis. At the core of the chapter is a focus on what really determines the investment decisions of the multinational firm, highlighting the value of recent advances in heterodox thinking for such an analysis.

Although economic geography seeks to explore the variations in the nature and extent of economic activities according to scale, the relations between the study of economic geography and international HRM are very much more tenuous than say, between economics, psychology and the latter field. In Chapter 5, Almond and Gonzalez Menendez argue that, given that many nations are now seeking to compete on basically the same basis to attract FDI – low labour costs, deregulated labour and financial markets and low taxes – yet FDI remains very unevenly spread, it is important to reopen the debate as to what really attracts MNCs to different locations. It is further argued that economic geography provides useful tools for the analysis of local and global socio-economic relations and ties that is essential to understanding the real causes of FDI flows, and the impoverishment of race to the bottom strategies for national competitiveness.

Hughes and Haworth look at the challenges of transnational governance of labour relations in Chapter 6. They argue that international cooperation in this domain reflects not only the outcomes of accommodations between national governments, but also the interaction between competing and diverging national and international interests. Transnational bodies such as the ILO open up political space for the forging compromises and alliances between competing interest groupings. Out of such alliances, shared expectations and norms can develop around what is acceptable, whilst allowing for sufficient flexibility to cope with variations in national regulatory framework. The authors argue that mainstream international HRM has taken insufficient account of the possibilities of, and genuine progress that has been made by, transnational institutions and those that engage with them.

In Chapter 7, Lamare, Farndale and Gunnigle explore both country and firm-oriented accounts of the relationship between employment relations and international HRM. They highlight the extent to which the literature on comparative capitalism has facilitated the development of a common ground, which has helped infuse employment relations with a more rigorous transnational comparative dimension, and international HRM with insights that take account of variations in national political economies. They then draw on two different empirical data sources, the Cranet surveys and a study that looks at the individual cases of a panel of prominent MNCs. This sheds light on the different ways MNCs deal with workers and their collectives, in different national settings, and in the case of different types of firm.

In the following chapter, Brewster and Wood highlight the common ground between comparative and international HRM. They make the case for the utility of some of the key analytical categories derived by the literature on comparative capitalism, but argue that contemporary comparative institutional analysis needs to take account of bounded internal diversity within context, and the structural dynamics of institutional change. They further explore the challenges of operating within contexts where institutional arrangements are weak and fragile, and the extent to which in a significant number of national contexts, MNCs have been agents of corruption and human rights abuses.

In Chapter 9, Terry Jackson brings to bear a cross-cultural perspective for understanding ways in which firm practice differs according to context. After looking at well-established approaches to cross-cultural management, such as that of Hofstede, Jackson moves on to look at more recent theories of cross-vergence, whereby different national cultural contexts infuse features of each other. Jackson then moves on to consider underlying common ground between institutional and cultural approaches, and argues for an understanding of culture that is more dynamic. He moves on to highlight the relevance of the radical development studies literature for understanding the relative imbalances between different national economies, and how this may impact on the behaviour of MNCs. Finally, he draws together a list of key research challenges for the study of international HRM from a culturalist starting point.

Part two

Part II of the *Companion* highlights practices along all phases of the employment lifecycle that include the way talent is acquired, developed, managed, and motivated. Each chapter provides a deep dive into a key functional area of human resource management, highlighting how strategic, cultural, and comparative issues can influence the effectiveness of those practices within global organizations.

In the first chapter of this section, Robert Ployhart and Jeff Weekley provide a comprehensive review of the strategic and implementation issues affecting the science and practice of recruitment and selection in a global organization. Offering a broader resource-based strategic framework within which these global staffing practices occur, this chapter structures and organizes the key issues of global staffing from the perspective of strategic alignment and human capital resources. As the authors underscore in this chapter, staffing choices within global organizations involve significant HRM decisions regarding whether to hire at the entry level (and grow internally), buy more experienced workers, acquire companies with critical talent, or engage talent through other means such as outsourcing or joint ventures. The authors present a comprehensive overview of this literature along with future directions for both practitioners and researchers.

In Chapter 11, Arup Varma, Pawan Budhwar, and Christopher McCusker delve into the key challenges of performance management in global organizations. Performance management is the functional area within HRM with practices related to the way work is assigned, goals are set, standards are determined, and work output is reviewed and evaluated. As precursors to the way rewards are distributed, effective performance management practices are fundamental for employee motivation and retention. The authors begin by discussing performance management systems in MNCs and then highlight the most critical elements of the global context and affecting the design and delivery of performance management systems across cultures. Within this discussion they focus on two key dimensions affecting individual performance: motivation, and supervisor-subordinate relationships. The authors offer the challenges related to performance management of international assignees, a specific area centre for MNCs. The authors conclude the chapter illustrating the global contextual issues related to performance management by highlighting differences in three countries, USA, China, and India.

Following from a performance management, Chapter 12 by Yoshio Yanadori discusses the compensation and benefits issues within global organizations. This chapter reviews the various antecedents affecting the type of compensation practices MNCs employ and consequences resulting from those practices. In the context of a global organization, the managerial decisions around two features of compensation (pay level and pay mix) for both managerial and non-managerial compensation are discussed. Given the wide variety of institutional and cultural differences affecting employee compensation and benefits practices, the author concludes the chapter with a comprehensive list of suggestions for future research and practical implications.

Extending the previous chapters within this section of the *Companion*, the next chapter focuses on global talent management practices designed to acquire, motivate, develop, and retain the most critical employees and allocate them into necessary roles where and when needed globally. In Chapter 13, Vlad Vaiman and David Collings delineate the conceptual and intellectual boundaries of global talent management and examine the critical trends affecting global talent management, including: the shortage of talented employees, changes in demographics, changes in the attitudes of employees towards work, and national cultural differences. The authors delve into the current role of HR function in global talent management and then, looking towards the future, identify the research directions that could better inform managerial practice in this critical area for MNCs future competitiveness.

Within global talent management, an important functional area is leadership development. In MNCs, leadership development focuses on building a pipeline of business leaders who can effectively work in complex, ambiguous and dynamic environments and lead those from different cultures and in different cultures. In Chapter 14, Paula Caligiuri and Lisa Dragoni highlight relevant research on what global leadership competencies need to be developed, how to develop them, and individual characteristics that accelerate global leadership development. The authors also describe key practices that can effectively develop global leadership competencies.

Part three

Part three of the *Companion* considers international mobility which as discussed above has represented a central theme in research on IHRM for a number of decades.

In the first chapter in this section, Yu-Ping Chen and Margaret Shaffer consider the individual and organizational motivations of global mobility. Adopting a career perspective, they answer the important questions of why organizations use international assignments and why individuals undertake them. They also move beyond traditional long-term assignees and consider the wider pool of global travellers within the contemporary multinational. These decisions are classified in terms of a three stage process consisting of the exploration stage, the establishment stage, and the embeddedness stage. This is a useful framework which moves beyond the traditional internal assignee cycle which tended to consider global mobility in a parsimonious but relatively disjointed series of discreet stages which aligned with different stages of organizational support.

In Chapter 16, Collings, McDonnell and McCarter consider the changing landscape of global mobility by outlining the different types of global mobility utilised in the contemporary MNC. Their chapter begins by considering the role of international assignees in the MNE. The challenges to traditional models of global mobility which relied on longer-term assignments are then outlined. Emerging alternatives to global mobility are then introduced, highlighting temporal and special characteristics of each alternative. This is followed by a consideration of the HR challenges and issues emerging from a portfolio approach to global mobility. The chapter concludes with some directions for further study.

The next chapter moves on to the first stage in the international assignees cycle, the selection stage. In Chapter 17, Paula Caligiuri and Joost Bücker rightly point to the importance of selecting the best possible international assignees as critical to the future success of multinational organizations. The challenge of selection in the international context is posited to be unique owing to the fact that selection systems involve a focus on predicting to a job context (working internationally) rather than job content which is the norm in selection more generally. However, as has been well established, the latter has often dominated selection decisions in the international context (see Harris and Brewster, 1999). The chapter is structured around what Caligiuri and Bücker identify as the two key topics which have emerged within the international assignee literature, namely the individual-level antecedents of international assignee success, including personality characteristics, cross-cultural competencies and other characteristics (e.g. language skills and prior international experience) that can be used in selection systems for international assignment candidates; and the practices for effectively selecting international assignees, such as realistic previews, self-selection, and assessment.

Chapter 18 considers the important yet under-researched area of the compensation of international assignees. Indeed, the traditionally high costs of international assignment packages, generally estimated at between three and five times cost in the home country, have been one of the factors challenging the use of traditional longer-term assignments. Christelle Tornikoski, Vesa Suutari and Marion Festing take as their point of departure that notwithstanding the centrality of compensation packages in attracting and incentivising employees to undertake international assignments, the long-term effect of these packages in motivating and retaining such employees is often limited. Tornikoski and her colleagues advocate considering expatriate compensation packages from a more encompassing total reward perspective, arguing that such a perspective enriches not only our analysis of the reward of international assignees but the practice of international assignee reward. In the chapter, the authors emphasize the need to put rewards back into the expatriate employment relationship pointing to the importance of grasping the meaning that rewards can have for their recipients – here, the expatriates. They highlight the theoretical basis underpinning expatriate compensation practices, with the objective of broadening the discussion on the compensation of international assignments. They further provide an overview of the extant knowledge of traditional expatriate compensation components, looking at current trends in their respective use by organizations. Their presentation of a framework for expatriate total rewards, including more intangible rewards, is an important contribution of the chapter.

Preparation and training for the international assignment is generally identified as the next key stage in the international assignee cycle. In Chapter 19, Sebastian Reiche, Yih-teen Lee and Javier Quintanilla consider the important topic of cross-cultural training and support practices of international assignees. They point to the well-known personal demands arising from global mobility owing to the requirement not only to perform new job requirements but also adjust to a new cultural and linguistic environment, learn to effectively interact with cultural others, deal with conflict and competing interests between different units of the MNC, or cope with changes to family life. The chapter is focused on research that addresses how to alleviate these challenges. In contrast to much of the literature on cross-cultural training which tends to limit its focus to pre-departure training, the authors take a broader perspective also recognizing the importance of organizational support during the assignment. Reiche and colleagues begin by examining the importance of cross-cultural training and other support practices for international assignees while discussing the main theoretical lenses through which such organizational support has been studied. They then focus on cross-cultural training as a key facet of organizational support and review the different forms of cross-cultural training in terms of (1) training content, that is, the cognitions, motivations, behaviours and skills to be developed, (2) the recipient of training activities, (3) the training methods, and (4) temporal aspects of the training. Next they outline additional organizational support practices that have been shown to facilitate the assignment experience and increase assignees' cross-national effectiveness. The chapter concludes with a consideration of the limitations in the existing literature on cross-cultural training and organizational support, and provides useful recommendations for future research.

In Chapter 20 Thomas Hippler considers arguably the most studied aspect of international mobility, the issue of expatriate adjustment and performance. Hippler begins his chapter with a brief overview of expatriate adjustment research predating the work by Black and colleagues and Ward and associates that has come to dominate their respective literatures. He then introduces the u-curve theory, which forms a distinct stream of the expatriate adjustment literature, and the models put forward by Black and colleagues and Ward and associates. He goes on to critically evaluate the Black *et al.* model as well as the literature that grew out of it, as this model has become the dominant paradigm in the field of business expatriate adjustment as it exists today. The hotly debated link between adjustment and performance will be reviewed before the chapter concludes with identifying some recent trends and future challenges currently facing the field of expatriate adjustment research. In this chapter, Hippler challenges some of the established thinking in the area of expatriate adjustment and poses some difficult questions for researchers in advancing our understanding of this important area of study.

In Chapter 21, Nancy Napier, Nigel Holden and Marta Muñiz-Ferrer consider the issue of demographics and international work. In so doing, Napier and her colleagues structured the chapter around three key questions. They begin by considering what demographic descriptors have been used in the literature to define those who work outside their home countries. They then review briefly key findings from recent research. Based upon the review of the literature, they suggest areas or aspects that seem to be missing in recent research. In particular, they sought to discover aspects or demographic variables that have received less attention that perhaps warrant more, given some of the current or likely changes. In drawing the chapter to a conclusion, Napier *et al.* note that 'it is truly remarkable how much more understanding we need – about the people who work abroad, about the organizations that send or hire or fire them, about the conditions that help and hinder individual and organizational success, and about how the nature of global work is changing' and identify some stimulating and challenging questions which could drive the research agenda in this important area.

Chapter 22 by Oliver Wurtz and Vesa Suutari introduces the issue of work–life balance (WLB) and coping amongst international assignees. Their review of the literature shows how issues around WLB can affect international assignees' well-being, satisfaction with life and work, and also performance and promotions. Despite the centrality of WLB, this is a topic that has traditionally been neglected by the literature on international assignees. In the chapter Wurtz and Suutari first discusses the work–life balance issues faced by international assignees, and after framing a view on common types of work–life conflicts, the focus turns to the coping strategies expatriates use to manage these challenges; the policies and actions companies can take in order to support work–life balance problems are also discussed. Finally, some practically relevant research directions are proposed. This chapter provides an important contribution to the emerging literature stream on WLB in the context of global mobility.

In Chapter 23, Mila Lazarova closes the traditional expatriate cycle by considering the issue of repatriation. Despite an assumption that repatriation should be the easiest stage of the international assignment, research continually points to the challenges assignees face on repatriation. Lazarova argues that while for a number of years repatriation was a central focus for global mobility researchers in recent years interest has abated owing to a number of contextual factors which have brought other issues to the fore. However, her review of the literature suggests that many of the key issues for repatriates remain salient. In her chapter she reviews the key ideas in repatriation research, outlining traditional and emerging perspectives on repatriation. She also draws upon several expatriations studies that provide insight into repatriation-related constructs. Lazarova concludes that repatriation research has made immense strides in expanding the issues studied to create a more multilayered description of the repatriate experience. However, she acknowledges that challenges remain. She argues that retention by itself should not be equated with individual and organizational success and calls for a more nuanced understanding of success including both individual and organization outcomes and longer-term implications. The chapter concludes with a clear discussion of the challenges and issues that should drive repatriation research over the coming decades.

The section comes to a close with one of the hottest topics for global mobility professionals and one where academic work has made some inroads in recent years – return on investment of international assignments. In this chapter Yvonne McNulty introduces the idea of expatriate ROI as focused on understanding the full range of costs and benefits attributable to global staffing activities, including international assignments and expatriate programs. However, she argues that empirical research on this important topic remains inadequate, with understanding of the topic in its infancy. In the chapter McNulty summarizes the current state of knowledge about expatriate ROI. The chapter is organized to address: (1) how expatriate ROI has been, and should be, defined; (2) current debates about the measurement of expatriate ROI; and (3) how the return on investment from expatriates needs to be considered in the future. The chapter also provides some guidance for practitioners as to what current research on expatriate ROI means for IHRM practice as well as the implementation of global mobility policy.

Part four

The final section of the *Companion* considers a range of contemporary issues in the international HR literature.

Multinational firms can grow their global footprint inorganically through cross-border mergers and acquisitions. This strategy, while potentially effective, has significant implications for international HRM. Chapter 25 by Satu Teerikangas, Günter Stahl, Ingmar Björkman, and Mark Mendenhall highlights the challenges and solutions for international HRM through all phases of the merger and acquisition process from due diligence through post-acquisition integration. The authors offer a comprehensive model to explain the antecedents of employees' trust in the acquiring firm and how that trust affects both integration and post-acquisition performance. The authors also introduce a critical diagnostic for organizations examining their ability to manage human resource aspects of M&A. The diagnostic varies on two important continua: one is the degree of awareness of human resource issues in M&A and the other is the level of in-house HR expertise in managing M&A. This chapter concludes with directions for future research and tangible practices for managers involved in the M&A process.

In Chapter 26 Dana Minbaeva argues for the centrality of knowledge to organizational competitiveness. She displays that such competitiveness is enhanced not by knowledge per se but also by the organizational ability to exploit that knowledge. The chapter provides an excellent overview of the key factors which influence knowledge transfer in the MNE. These include the nature of the knowledge to be transferred, the absorptive capacity of receivers, disseminative capacity of senders and the relationships and context in which the transfer occurs. Recognizing that the international human resource management literature suggests that MNCs can introduce various organizational policies and practices that will enable them to overcome the barriers associated with knowledge transfer, thereby facilitating intra-MNC knowledge transfer, the chapter is positioned at the interface between knowledge management and IHRM in MNEs.

Chapter 27 by Sully Taylor considered the role of global culture in the MNE. The positioning of this chapter resonates with the knowledge focus of the preceding one with the sharing of knowledge, often tacit, central to the competitive advantage of the MNE foregrounded as a motivation for developing social communities and a strong culture within the organization. The import of socially responsible behaviour within the value chains of the MNE is identified as a second key driver. In the chapter Taylor examines global organizational culture in MNEs. Having introduced the concept of global culture, and the key ways in which it has been defined, particularly by international management scholars, the chapter then examines in more depth the benefits that accrue to MNEs from creating a global culture. It also discusses successful global culture creation and maintenance and explores the challenges and barriers MNEs encounter in this process.

Chapter 28 by Susanne Tietze, Rebecca Piekkari and Mary Yoko Brannen brings the important question of language standardization in the MNE into debates on IHRM. Tietze and her colleagues argue that adopting a language perspective shifts the attention from viewing organizational communication as a vehicle of knowledge transfer to viewing it as a constitutive force of organizations and organizing. It gives language a central position in the discussion. Recognizing this tradition, the chapter also expands the field's perspective by arguing that MNCs and other international organizations are discursively constructed through the use of several languages. They seek to understand this process by utilizing established dimensions of international human resource management, namely standardization and localization. Such an approach, they note, encourages us to think in terms of such things as the relevance of language for designing career paths, identifying and managing new talent, and introducing e-HRM systems.

In Chapter 29, Fang Lee Cooke looks at the HR dimensions of outsourcing and the MNC. She notes that much outsourcing has been about cutting labour costs, and that this is part and parcel of a global move towards more contingent employment. However, it would be incorrect to conclude that all offshoring is motivated by cost-cutting, and firms may offshore for a range of other reasons, such as accessing new skills and knowledge. She moves on to highlight the pitfalls MNCs may encounter in making usage of agency work in different national settings. She then describes the ecosystemic dynamics and pathologies that may be encountered through the co-usage of agency and permanent workers in emerging market settings. She also considers the key issues in the comparative analysis of the usage of contingent employment in different national settings, and why outcomes may vary according to setting.

Multinational organizations now need to address internationally oriented career motivations. In Chapter 30, Michael Dickmann highlights the global career management practices required to retain and develop global talent. The author underscores effective career management practices above and beyond the traditional international or expatriate assignment, such as cross-border commuting, frequent business travel, short term assignments, and international project work and how legal, cultural, and practical issues affect their outcome. The role of international HRM is also discussed in the context of the strategies, policies and practices affected in talent acquisition, such as employer branding and the global resourcing. The chapter also offers career-related strategies before, during and after employees work abroad and how these affect overall career management. This chapter concludes with an identification of long-term global career issues in future trends affecting global careers.

In Chapter 31, Jennifer Gibbs and Maggie Boyraz provide a comprehensive overview of the way in which global teams are employed by multinational corporations and the strategic human resources solutions to manage them. Their chapter delves into the practices designed to coordinate and integrate diverse team members' knowledge and increase their efficiency, innovation, and performance while accounting for differences in work styles and time zones. The authors review and synthesize the research on global, distributed, and multicultural teams with a specific focus on global team challenges and the human resource management practices to address them. The authors conclude with a discussion of the most pressing issues and trends in the literature, and provide practical recommendations for managers who strive to increase global teams' effectiveness.

In Chapter 32, Wolfgang Elsik and Michael Muller-Carmen note that human rights and ethical issues have tended to be neglected in international HRM, echoing some of the concerns raised in Chapter 9 about the routine ethical violations by prominent MNCs in a number of emerging market contexts. The authors ascribe this neglect not only to the dominant focus on managerialism and economic performance in much of the international HRM, but also the neglect of supply chain issues. They call for IHRM academics to take these challenges much more seriously than has been the case in the past, and highlight the utility of recent advances in the literature on green and sustainable HRM for the study of HR issues in the MNC.

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Part I

Perspectives on IHRM

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2
Strategy and IHRM

Dana B. Minbaeva and Helen De Cieri

Introduction

Attempts to link international human resource management (IHRM) with the strategic needs of international business has led to the development of the strategic international human resource management (SIHRM) field. Two decades ago, Schuler, Dowling and De Cieri (1993: 720) defined SIHRM as the "human resource management issues, function, policies, and practices that result from the strategic activities of multinational enterprises and that impact the international concerns and goals of those enterprises." SIHRM borrows many of its ideas from work on the strategic HRM of domestic companies, but SIHRM policies and practices are closely associated with needs of "interunit linkages" (Bartlett and Ghoshal, 1991). Following Bartlett and Ghoshal's (1991) discussion of the importance of balancing the needs for coordination, control, and autonomy to ensure MNE success, Schuler *et al.* (1993: 729) highlight that "being globally competitive, efficient, sensitive to the local environment, flexible and capable of creating an organization in which learning and the transfer of knowledge are feasible" is a "fundamental assumption in SIHRM." They offer an integrative framework for SIHRM, which distinguishes among: (1) SIHRM issues related to the differentiation and integration of local units, (2) SIHRM functions related to resource allocation across those units, and (3) SIHRM policies and practices associated with local units' resource utilization.

Many scholars have since investigated the strategic roles of HRM in MNEs, as well as HRM's implications for organizational performance (the most recent studies include Farndale *et al.*, 2010; Fey, Morgulis-Yakushev *et al.*, 2008; Lawler *et al.*, 2010). On the basis of the evolution of the field since Schuler *et al.* (1993), De Cieri and Dowling (2012) propose a conceptual framework of "strategic human resource management in MNEs" (De Cieri and Dowling, 2012: 13). Their framework reflects the dramatic global changes and challenges faced by MNEs. These include business challenges, such as the aging workforce, skill shortages, or industrial disputes, as well as crises sparked by class-action lawsuits and the proliferation of social media (Pearson *et al.*, 2007). At the more extreme end of the challenge spectrum, we find the shock events of the past decade, including the Enron scandal (Benston and Hartgraves, 2002), terrorist acts (Wernick, 2006), a global financial crisis (Griffith-Jones *et al.*, 2010), several natural disasters (e.g., the Indian Ocean tsunami in 2004; the Icelandic volcano eruption in 2010; the earthquake and tsunami in Japan in 2011), and environmental disasters (e.g., the BP/*Deepwater Horizon* oil rig explosion off the United States' Gulf Coast).

Concerns about external factors have led many MNEs to re-think their approaches to management (e.g., Chau *et al.*, 2012), SIHRM and specific HR practices (e.g., global mobility; see Brookfield Global Relocation Services, 2012; Sheehan and Sparrow, 2012). External factors may act as counter-pressures for an MNC's strategic drive for internationalization. For example, concern about security risks may lead MNCs to alter or reduce their use of international travel. Similarly, environmental and sustainability concerns, higher energy prices (making long distance transport less attractive), and increasing public awareness regarding global labor standards, may act as forces against globalization. MNC responses to such pressures may include, for example, strategies designed to address the perceived risk associated with globalization, such as insourcing in the country of origin (Kinkel, 2012). There is also a trend for greater attention to labor standards in global supply chains, as risks associated with upstream producers and exporters based in developing countries have contributed to increased "buyer driven-ness," with downstream stakeholders such as branded merchandizers, retailers, and even consumers emerging as powerful agents in the chains (Al-Mahmood and Bourke, 2013; Gereffi, 1999; Nimbalker *et al.*, 2013).

De Cieri and Dowling (2012) argue that SIHRM should reflect and respond to changes in general external factors, such as political, economic, sociological, and technological macro-environmental factors, as well as to asymmetrical events and threats, the increased need for resilience, and environmental dynamics. The core of De Cieri and Dowling's (2012) framework, which is presented in Figure 2.1, is composed of the three interacting elements of the HR function in MNEs: the global corporate role of HR, HR practices, and crisis management and coordination. Since the publication of Schuler *et al.*'s (1993) work, globalization has increased the pressure for the corporate HR function to perform at a strategic level in terms of influencing and enabling systems for global talent management, global leadership development, global staffing, and the transfer of HR practices across MNEs (Collings *et al.*, 2009; Minbaeva and Collings, 2013; Morris *et al.*, 2009). In addition, just as MNEs recognize the need to improve risk management for supply chains (IBM, 2008), there is an emerging recognition that the corporate HR function plays a key role in the crisis-management process. This, in turn, requires that global HR policies be formulated by the corporate HR function at headquarters and implemented in the subsidiaries in the form of HR policies and practices (Farndale *et al.*, 2010).

In the revised framework, which reflects the focus of international business and HRM research in recent decades, De Cieri and Dowling (2012) suggest that there are reciprocal relationships among organizational factors, the HR function in the MNE, and the MNE's overall performance. With regard to the latter, De Cieri and Dowling (2012) note that heightened awareness of corporate governance and global turbulence have led to an increasing need for effective monitoring and measurement of organizational performance (Cascio and Boudreau, 2008; Chau *et al.*, 2012). Despite the substantial efforts of strategy and management scholars to measure organizational performance, the resulting range of measures reflects the fact that organizational performance is not a well-defined construct (Richard *et al.*, 2009). HRM researchers have tended to categorize organizational performance in terms of HR outcomes (e.g., employee turnover), operational outcomes (e.g., product quality), and financial outcomes (e.g., return on assets). HR outcomes are typically viewed as a mediator of the relationship between HRM practices and operational and financial outcomes (Jiang *et al.*, 2012). However, within the HRM field, there have been calls for more attention to be given to the multidimensionality of organizational performance (Lengnick-Hall *et al.*, 2009; Paauwe, 2009). Given the increasing pressure to effectively monitor and measure organizational performance, De Cieri and Dowling (2012) suggest a modification of what Schuler *et al.* (1993) broadly refer to as "MNE concerns and goals."

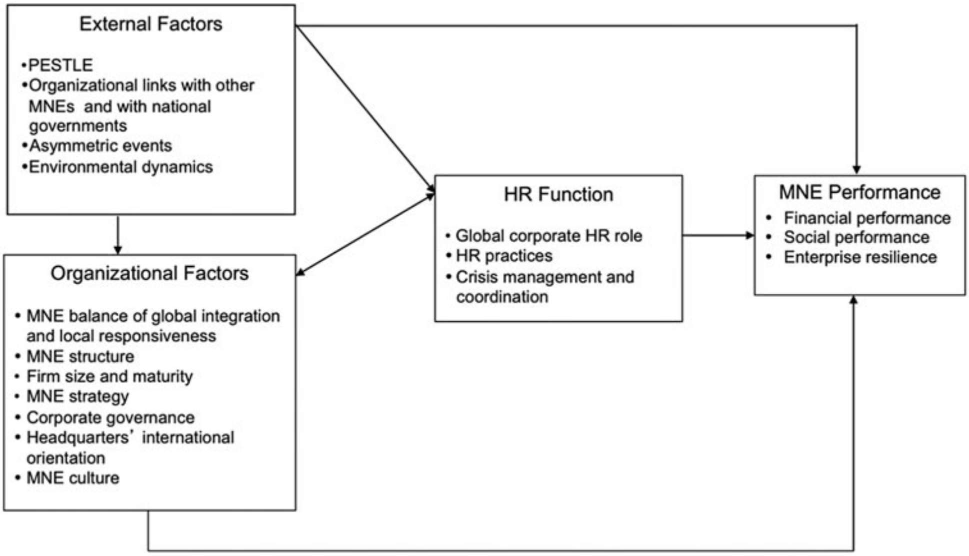

Figure 2.1 A framework of Strategic HRM in MNEs

Source: De Cieri, H., and Dowling, P. J. (2012). Strategic human resource management in multinational enterprises: Developments and directions. In G. Stahl, I. Björkman, and S. Morris, (Eds.) *Handbook of International HRM Research* (2nd edn). Cheltenham, UK: Edward Elgar. © H. De Cieri and P. Dowling

In this regard, De Cieri and Dowling (2012) propose referring to financial performance, social performance, and enterprise resilience.[1] While they expect the importance and relevance of each of these three aspects of MNE performance to vary across MNEs, they suggest that they are related and that they result from each of the preceding elements in the revised framework.

When identifying directions for future research on SIHRM, De Cieri and Dowling (2012) call for further specification of their framework, stating that while the framework offers an overview of issues or factors to consider, there is a need for research to examine relationships between variables. They also suggest that real advances in the SIHRM field can be achieved by addressing multiple levels, specifying the relationships, and deriving an empirically testable framework.

In this chapter, we respond to this call by further specifying the exploratory framework proposed by De Cieri and Dowling (2012) with emphasis on the role of HRM in strategy implementation across MNE. We do so by building on two theoretical pillars of SIHRM – strategy and international HRM. We build on advancements in these two fields to offer a specification of De Cieri and Dowling's (2012) model and to present an emerging map of SIHRM. At the end of the chapter, we offer several theoretical and methodological suggestions for potentially fruitful avenues for future research, and we identify some of the key issues that future research must address.

New frontiers in strategy and IHRM

A major advance in strategy scholarship that has relevance for SIHRM is the increasing attention paid to the integrative strategy process. An emerging development that is equally important is the potential for multilevel theorizing and modeling to be applied in SIHRM research.

The integrative strategy process

From the conventional point of view, "strategic management" is a sequential analytical process used to rationally determine an appropriate strategy on the basis of clear goals and objectives, environmental analyses, evaluations of alternative strategic options, and action planning. This strategy is then implemented in accordance with the plan (e.g., Ansoff, 1988; Schendel and Hofer, 1979). In this view, "centralized strategy making" is measured as the extent to which an organization emphasizes the rational, analytical characteristics of the strategic management process. These characteristics include the organization's mission, long-term goals, environmental analyses, controls, and action plans. Notably, adherence to centralized strategy making does not necessarily imply that an organization makes resource-committing decisions, although strategic deliberations can outline the main directions for future organizational activities. Centralized strategy making can refer to a discourse in which managers across an organization engage in systematic, analysis-based discussions about the future strategic development of the corporation (Hendry, 2000). The outcome of the centralized strategy-making process may be a formalized plan, while underlying discussions might serve to provide managers with a better understanding of the corporation's strategic situation. As the organization moves forward and managers consider new strategic initiatives, the centralized strategy-making process can provide insights and inspiration to guide subsequent decisions on all hierarchical levels.

In the context of centralized strategy making, the emphasis within the HRM function is on the global corporate HR role, which is most often represented by an HR director at the board level and a corporate HR office located at the MNE's headquarters. The HR function in such MNEs may perform several activities at the corporate strategic level, including influencing and implementing global leadership-development programs; setting policies for attracting, motivating, and retaining the global workforce; setting policies for global mobility; and coordinating the replication of HRM practices across global operations (Collings *et al.*, 2009; Farndale *et al.*, 2010; Morris *et al.*, 2009).

However, centralized strategy making is largely a top-driven model that does not involve the ongoing participation of lower-level managers or functional specialists who must deal with the challenges emerging in the organization's operating environment on a daily basis. Therefore, strategy discussions need to focus on the general intended strategic direction (centralized strategy making) as well as on the decentralized strategic responses that emerge from the functional entities as they deal with the organization's operations. "Decentralized strategy" making is measured as the extent to which an organization distributes decision-making power that enables lower-level managers to react to emerging events, for example, power to modify products and services, to pursue new customer segments, to develop new competencies, or to adopt new practices. In a decentralized structure, power is dispersed to lower hierarchical levels and specialized functional entities, and lower-level managers have the authority to undertake strategic initiatives within their areas of responsibility.

In an MNE with a decentralized strategy, HR's role may center on such activities as working with local/subsidiary managers on horizontal transfers and inpatriation; acting as a source of inspiration for subsidiary HR managers in their efforts to develop training, development, and leadership programs for subsidiary employees; and providing the global support needed to enable subsidiaries to respond to local labor-market conditions. At a global level, the corporate HR unit must have knowledge sharing "infrastructure" in place to ensure that new experiences, capabilities, and strategic insights derived from local initiatives are brought to the attention of top management and to serve as inspiration for periodic strategy discussions. In particular, HR's role in enhancing knowledge flows and network development is increasingly recognized as important (Minbaeva, 2005; Morris *et al*., 2009). One example of the strategic value of human resources is evident in the knowledge acquired by international assignees and transferred across the organization (Reiche *et al*., 2009). In this context, the HR function can add value at multiple levels (global and local) of the MNE.

Centralized and decentralized strategy-making processes are arguably complementary because strategic intent must be flexible in order to accommodate responsive actions, and dispersed organizational initiatives need the coordination and direction provided by strategic intent. Therefore, the combination of these processes should lead to more effective outcomes. Indeed, the ability to respond and to adapt a strategy to changing conditions hinges upon the organization's ability to facilitate autonomous initiatives among individual managers within the organization. Yet, general direction and coordination remain important for economic efficiency. These observations suggest a need for *integrative strategy processes* that combine decentralized emergent strategy making with centralized intended strategy making. Empirical studies indicate that this is indeed the case, particularly in dynamic environments (Andersen, 2004; Andersen and Nielsen, 2009). Organizations that combine centralized and decentralized strategy processes into integrative strategy making outperform other firms in the same industry (Andersen, 2002, 2004). Some studies indicate that decentralized strategy making that allows for local initiatives enhances corporate adaptability, while performance is positively affected by the coordination element of centralized strategy making (Andersen and Nielsen, 2009).

The challenge for both academics and practitioners is to better understand the HR function's involvement in the intricate relationships and experiences gained throughout the organization with respect to the strategic intent of centralized strategy discussions. In their discussion of the role of HRM in supportive integrative strategy making, Andersen and Minbaeva (2013) argue that instead of focusing on the specific set of HRM practices necessary for achieving an organizational goal, it is important to consider an overall HR architecture that provides inspiration for strategic decisions and initiatives throughout the organization, and to establish clear ways of channeling the strategic intent formulated by top management. In this regard, HR processes and practices can be put in place that provide line managers with opportunities to experiment and improvise with new business ideas. Furthermore, HR tools can be used to increase cross-functional, lateral collaboration.

On the other hand, the HR architecture allows for collecting insights from new, decentralized initiatives that might inspire periodic strategy discussions at the top. In this regard, the establishment of an HR architecture through which dispersed individual experiences can be gathered and reflected upon should allow the organization to gain new insights from autonomous initiatives. In addition, the HR function can help find ways for line managers to develop new ideas across functions. These ideas can then serve as sources of inspiration for the organization's periodic, centralized strategy discussions.

International business researchers (Branzei and Abdelnour, 2010) have suggested that MNEs may utilize strategy to develop enterprise resilience in response to global turbulence and uncertainty. This suggestion may be viewed in the context of calls for responsible capitalism that encourages firms to adopt a broader and longer-term focus to serve the interests of diverse stakeholders rather than focusing on shareholders (Barton, 2011). Following this line of thinking, we postulate that, when compared with centralized or decentralized MNEs, MNEs with an integrative strategy that supports the HR function may be able to develop higher levels of enterprise resilience. Extending arguments made by Branzei and Abdelnour (2010) and Lengnick-Hall *et al*. (2011), we suggest that several organizational characteristics will be associated with enterprise resilience. Specifically, when compared with centralized or decentralized MNEs, MNEs with an integrative strategy that supports the HR function are likely to have stronger knowledge flows, and their HR functions are more likely to be able to facilitate interaction and support networks for employees, to improve communication, and to assist in the coordination of available resources.

Hence, we suggest that in today's turbulent global context, SIHRM should focus on the development and implementation of global HR strategies, policies, and practices that aim to enhance enterprise resilience, as well as financial and social performance, by providing support for both centralized and decentralized strategy making. SIHRM can do so by offering inspiration for strategic decisions and by gathering other sources of inspiration for strategy discussions.

Multilevel reasoning in SIHRM

Recently, HRM researchers have called for the use of multilevel logic in theorizing (Wright and Van de Voorde, 2007). This call is particularly timely given the recent interest in building micro-foundations in the related field of strategic management (e.g., Abell *et al.*, 2008; Teece, 2007), and the increasing interest in multilevel modeling in general (Hitt *et al.*, 2007; Mathieu and Chen, 2011; Molloy *et al.*, 2011), in international business (Peterson *et al.*, 2012) and in HRM (Wright and Nishii, 2007).

To date, research in the HRM field has generally taken a more collective (aggregate, reduced form) approach, reasoning in terms of "human capital pools," "systems for managing people," and "HRM architecture." This approach has, intentionally or unintentionally, black-boxed the treatment of the linkages between HRM practices and organizational performance. Why is this problematic? The first problem with macro-level (firm-level) explanations is that there are likely to be many potential, lower-level explanations for macro-level relationships that cannot be rejected through macro-analysis alone. Even if a large sample can be constructed on the basis of macro units of analysis, the problem of alternative explanations may persist. Thus, recent contributions to the strategic HRM (SHRM) subfield seek to explain differences in firm performance in terms of the heterogeneity of practices and architectures (Kang *et al.*, 2007). However, heterogeneity may be located at the individual level, especially when individuals self-select into particular firms (Felin and Hesterly, 2007). A second argument for the importance of micro-foundations lies in the fundamental mandates of SHRM: to assist in strategy implementation, and to enable an organization to gain and sustain a competitive advantage (Becker and Huselid, 2006; Huselid *et al.*, 1997). Managerial intervention is required to achieve these goals, and this intervention must inevitably take the micro level into consideration. A third argument is that explanations that involve the micro level are typically more stable, fundamental, and general than macro-level explanations (Coleman, 1990).

Overall, few SIHRM scholars would disagree that additional insight could be gained from theoretically and empirically explicating micro-foundations in IHRM research. However, disagreement may arise with respect to the exact meaning of "micro-foundations" in terms of concrete theoretical and empirical content, reflecting the situation that "[m]anagement scholars lack a shared conception of the micro–macro divide" (Molloy *et al.*, 2011: 582). Therefore, we elaborate on such content, after which we cover the emerging map of SIHRM research, specifying some key issues that future research in this important field must address.

In light of arguments made in recent studies of semi-globalization/regionalization (Edwards *et al.*, 2012; Ghemawat, 2003; Rugman *et al.*, 2011), we may see a shift in the role of corporate HR function from "central development – local implementation" towards "central inspiration – regional development – local implementation" (see Figure 2.2). Accordingly, there is a need to distinguish among global HR strategies, policies, and practices, not just in terms of their scope (Morris *et al.*, 2009), but also with regard to who owns the decision-making process in

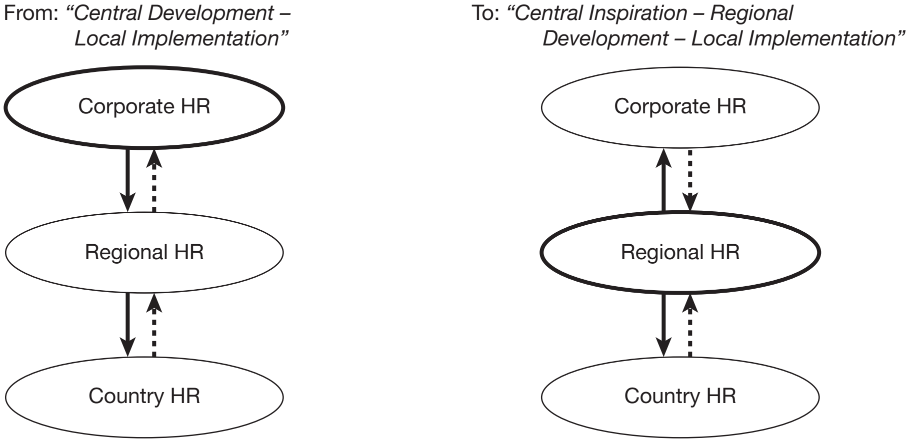

Figure 2.2 The role of corporate HR

terms of the level at which MNE strategies, policies, and practices are formulated and implemented. As such, global HR strategies may be seen as the driver of an advanced form of interactive management-control system in which top managers regularly involve themselves in the decisions of subordinates and which could comprise human development systems (Simons, 1991). The development of regional HR policies enables the necessary degree of local adaptation. When implementing HR practices locally, the broad involvement of managers across hierarchies and local functions can be a way to ensure fruitful interactions between "big-picture-conscious" individuals at headquarters and "detail-conscious" individuals in the local entities (Hodgkinson and Clarke, 2007).

Furthermore, the HRM practices derived from a strategy are designed and applied at the organizational level but typically "operate through individual level employee reactions" (Gerhart, 2005: 177). To stimulate multilevel thinking in future studies, we suggest that HR practices could be further specified as intended, implemented, or perceived. Wright and Nishii (2007: 11) define *intended* HR practices as those that are "tied directly to the business strategy or determined by some other extraneous influences." Intended HR policies are derived from the global HR strategy in the sense that top management and corporate HR seek to design an HRM system (a set of HR policies) consisting of HR practices that, in the opinion of the main decision makers, "will best elicit the kind of affective, cognitive and behavioral responses from employees necessary for organizational success" (Wright and Nishii, 2007: 10). Wright and Nishii (2007: 11) distinguish such practices from *implemented* practices (those that "are actually implemented") and *perceived* practices (those that are "perceived and interpreted subjectively by each employee").

The application of the concepts of espoused and realized strategies (Mintzberg, 1978) to the (S)HRM literature helps to highlight the differences between intended and implemented HRM practices. As Wright and Nishii (2007: 10) suggest, "not all intended HR practices are actually implemented, and those that are may often be implemented in ways that differ from the initial intention." The differences between intended and actual HR practices result from a number of organizational antecedents that lead to variations in the implementation of HR practices across organizational units. Furthermore, implementation can be intentionally different for various job groups (Kehoe and Wright, 2013) due to the fact that some jobs are more strategic and more valuable for the effectiveness of strategic business processes than others. Therefore, "the level of investment directed to the employees in those job categories would be considerably different" (Becker and Huselid, 2006: 917–918).

Individuals' reactions to implemented HR practices also vary, which may explain differences in perceptions of those practices. In other words, variations in perceptions of HR practices can be explained by variations in the schemas individuals employ when perceiving and interpreting HR-related information (Wright and Nishii, 2007). In a recent contribution, Kehoe and Wright (2013: 369) discuss the importance of focusing on perceptions of HR practices, as "employees' HR practice perceptions are temporally closer to, and consequently likely to be more predictive of, their attitudinal and behavioral outcomes than HR practice ratings as provided by managers."

The emerging map of SIHRM

On the basis of these insights, we present a map of SIHRM in Figure 2.3. This map stresses our overall arguments that: (1) in today's turbulent global context, SIHRM's purpose is to develop and implement global HR strategies, policies, and practices that enhance enterprise resilience, as well as financial and social performance, by providing support for both centralized and decentralized strategy making, and (2) multilevel reasoning must be applied in SIHRM research. Clearly, such a map simplifies the complicated causal mechanisms, relations of embeddedness, and numerous other factors, with "arrows" linking various "nodes" located at multiple levels of analysis. However, we believe this map may be a useful first step towards identifying possible avenues for future research in SIHRM.

According to the logic of Figure 2.3, the intended HR strategies are originated from the global strategies, formulated at the corporate level and implemented at the subsidiary level via HR policies. These HR policies translated into practices are subjectively perceived and interpreted by each employee.

As we suggested above, the translation of the global strategy to the intended HR strategies should be done by focusing on providing support for integrative strategy making and thereby enhancing enterprise resilience. The factors causing the reduction between global strategy and intended HR strategies reflect a range of what De Cieri and Dowling (2012) refer to as "external factors." Research streams within the international business field also have investigated the

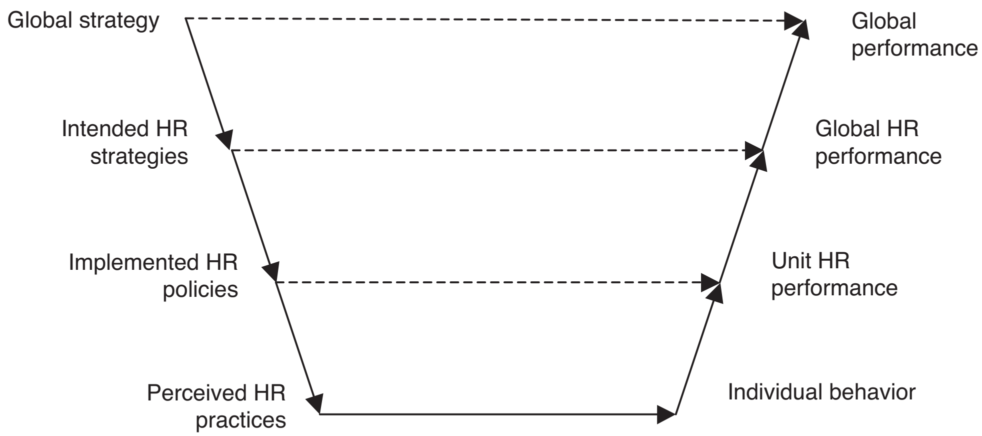

Figure 2.3 SIHRM contribution to global performance in MNEs

implications of external factors for MNEs in general and for HRM in particular (e.g., Czinkota *et al.*, 2010; Sheehan and Sparrow, 2012). However, more work needs to be done, particularly with regard to environmental dynamics, complexity, and variety of external influences on HRM.

The differences between intended HR strategies and implemented HR policies are institutional in nature. A large body of research has explored these factors; of particular note is the Cranet study of HRM practices in different contexts (Brookes *et al.*, 2011; Lazarova *et al.*, 2008). The second group of factors that may explain the differences between HR-originated intended HR strategies and implemented HR policies at the subsidiary level is a number of well-researched instrumental factors that can cause variations in the implementation of HRM practices across MNE subsidiaries. De Cieri and Dowling (2012) label these "organizational factors." They suggest that these factors include the MNE's balance between global integration and local responsiveness (e.g., Morris *et al.*, 2009), MNE structure (e.g., Farndale *et al.*, 2010), firm size and maturity (e.g., Lawler *et al.*, 2010), MNE strategy (e.g., Crook *et al.*, 2008), corporate governance (e.g., Czinkota and Ronkainen, 2008), headquarters' international orientation (e.g., Harzing, 2000), and organizational culture (e.g., Levy *et al.*, 2007).

One potentially useful theory for increasing our understanding of both groups of factors causing the "reduction" on the left-hand side of Figure 2.3 is institutional theory, especially its arguments on institutional complexity and institutional pluralism. Recent work highlights the fact that MNEs and, in particular, their subsidiaries are often exposed to *multiple* and *conflicting institutional demands* (Battilana and Dorado, 2010; Kostova and Roth, 2002; Kraatz and Block, 2008; Pache and Santos, 2010). When institutional demands of the MNE parent (headquarters) and host (subsidiaries) countries diverge, obtaining legitimacy becomes considerably more challenging. The more institutional environments differ, the more difficult it becomes for subsidiaries to conform their practices to the logics of both environments, and to maintain internal and external legitimacy (Kostova and Roth, 2002; Kostova and Zaheer, 1999). In addition, recent contributions suggest that there is often considerable variety *within* institutional environments (Pache and Santos, 2010; Greenwood *et al.*, 2011). Institutional environments are typically not homogenous. Rather, they encompass actors with different views about which behaviors or practices are appropriate (Pache and Santos, 2010). For MNE subsidiaries, this problem is compounded because often both the host-country institutional environment and the MNE internal environment make conflicting demands (Kostova *et al.*, 2008). For instance, attitudes towards employment practices and the regulation of those practices often vary considerably even within the same country (Almond, 2011). At the same time, there may be differences between headquarters' expectations and the expectations of sister subsidiaries regarding a specific subsidiary's role in the transfer of HR practices. For MNE subsidiaries, this implies that it is often difficult to align work practices with the expectations held by important internal and external referent audiences, such as headquarters, labor representatives, or potential hires.

Individuals' reactions to implemented HR policies also vary, which may explain differences in perceptions of those practices. In other words, variations in perceptions of HR practices can be explained by variations in the schemas individuals employ when perceiving and interpreting HR-related information (Wright and Nishii, 2007). Some evidence of this within the MNE context is shown in the recent study by Zhu and colleagues (Zhu *et al.*, 2012), which explored differences between managers and employees in MNE subsidiaries operating in China with respect to their knowledge of HR practices, experience of HR practices, and perceptions of the effectiveness of HR practices.

However, there is no solid empirical evidence supporting the differences among intended, actual, and perceived HRM practices. This is arguably related to the absence of multilevel theories and multilevel research in SIHRM (Bowen and Ostroff, 2004; Gerhart, 2005; Wright and Nishii, 2007), as well as the failure of SIHRM researchers to collect multisource, multilevel data, which would allow the researcher to control for differences in reactions caused by individual heterogeneity. Overall, as Becker and Huselid argue (2006: 900), HRM scholars need to be pushed out of their "natural comfort zone" if the field is to advance. That zone assumes an unproblematic aggregation of individuals, the existence of an "average individual," and no differences in individual perceptions of, or reactions to, external stimuli (intended and implemented HRM policies and practices) (Becker and Huselid, 2006: 900).

On the right-hand side of Figure 2.3, we argue that attention should be given not only to the macro-to-micro mechanisms (from global strategy to individual perceptions of implemented HR practices), but also to the importance of distinguishing between the levels when talking about SIHRM's impact on performance. As the HR function has shifted to a strategic focus with an embedded imperative to contribute to economic value in the firm, a major objective of the HR function in many firms is to link employees' job performance to organizational performance (Combs *et al.*, 2006; Paauwe, 2009). We view this link as aggregation from micro to macro – from individual job performance to the global performance of the whole MNE. This aggregation implies potentially strong interdependencies between an individual and others in the same context, particularly when actions are explicitly "strategic" in the sense that actors take the actions of other actors into account (Abell, 2003). Explaining such interdependencies has proven to be a "main intellectual hurdle both for empirical research and for theory that treats macro-level relation[s] via methodological individualism" (Coleman, 1986: 1323). Studies on SIHRM and performance are no exception – no study has explicitly dealt with this issue conceptually or empirically. While acknowledging that it may be hard to fine-tune measures of individual behaviors and job performance so that they lead to a positive aggregate result, we nevertheless follow Coleman's (1990) original logic, which argues that aggregate-level outcomes are usually more than the mere sum of individual-level outcomes. To reflect this view, the model depicted in Figure 2.3 is presented in the form of a trapezium (as in Coleman, 1990).

We also argue that the measures should vary depending on the level. With regard to global HR performance, we build on Guest's (2011) argument in that we propose a need for SIHRM to pay more attention to workers' interests, and to think creatively about how to provide a safe, healthy workplace in a turbulent global environment. Hence, at the corporate level, global HR metrics could include measures related to worker wellbeing and sustainability. The Global Reporting Initiative (www.globalreporting.org) provides a framework of metrics for organizations to report sustainability information in a way that is similar to financial reporting. Initiatives such as the Free2work campaign against human trafficking and slavery (www.free2work.org; also see Nimbalker *et al.*, 2013) provide consumers with information about labor standards and work conditions in global supply chains. In terms of general MNE performance, De Cieri and Dowling (2012) suggest that global performance can be monitored via financial and social performance measures (see also Richard *et al.*, 2009; Wang and Choi, 2013). They also advocate including the capacity for enterprise resilience as an additional important performance measure (see also Lengnick-Hall *et al.*, 2011).

Research directions: SIHRM and the multilevel paradigm

The field of SIHRM has evolved over the past two decades, since Schuler *et al.*'s (1993) foundational work. Dynamic environments and the shock events of the past decade, particularly the global financial crisis, have been a catalyst for reflection, analysis, and identification of new challenges for HRM (e.g., Zagelmeyer and Gollan, 2012) and IHRM scholarship (e.g., Sheehan and Sparrow, 2012). Adding complexity to the global picture, there is evidence of a global shift in power towards emerging markets in international business and economic growth in new territory is both complex and uncertain (Sheehan and Sparrow, 2012). In the turbulent context of global business, SIHRM can offer support for both centralized and decentralized strategy making via the development and implementation of global HR strategies, policies, and practices that enhance enterprise resilience, as well as financial and social performance. In parallel, advances in SIHRM scholarship will depend on the application of multilevel reasoning in SIHRM research.

Armed with the SIHRM map, we can now more precisely discuss some of the key issues that SHRM research must address. Echoing Sheehan and Sparrow (2012: 2397), we suggest that by identifying and investigating the issues that are "in practice embedded in multiple levels of agency, and then examining these likely dependencies, can we identify the most fruitful research agenda for the next decade."

There are many promising directions for the use of multilevel theorizing and modeling in SIHRM research. However, we recognize that, as Mathieu and Chen (2011) have outlined, multilevel theorizing and modeling is an evolving paradigm and should not be seen as a panacea or silver bullet; further development is needed with respect to areas such as multilevel theory, construct validity and development of measures, and research design and analysis.

With regard to multilevel theory, Molloy *et al.* (2011) identify three disciplinary divides (between psychology, economics and sociology) and three system-level divides (between individuals and groups, organizations, and the social and economic systems in which they are embedded). The authors present a "road-map that details the specific intellectual steps" (Molloy *et al.*, 2011: 582) that are necessary for scholars to bridge the divides. Their road-map has strong applicability to the field of SIHRM research, particularly as SIHRM seeks to be both accessible and relevant to scholars across a range of disciplines. Multinational and multidisciplinary research collaborations in SIHRM (e.g., Farndale *et al.*, 2010), investigating complex phenomena and relationships, demonstrate the potential for SIHRM scholarship to bridge divides and address "big questions." Janssens and Steyaert (2012) have recently brought together the disciplines of ethics and IHRM to develop an ethical research agenda for IHRM theoretically grounded in cosmopolitanism: this is an initial step in an important pathway for SIHRM to open up multidisciplinary inquiry that investigates across multiple levels and beyond organizational boundaries. Future research may explore issues such as the interests of those impacted by globalization in negative ways; inequalities created or exacerbated by globalization; or the perspectives of various stakeholders in SIHRM. In several respects, the "new" issues are founded in "old" concerns of employment: job security, workplace rights and responsibilities, and inequality. At the same time, there are new theoretical lenses through which to view these concerns.

It is imperative for SIHRM researchers to investigate across multiple levels and beyond organizational boundaries, to address questions that might include, but are by no means limited to:

- How much agency do MNEs, and particularly the HR function, have, in the context of environmental volatility?
- How can (and should) the HR function operate in a volatile environment?
- In the context of geopolitical turbulence, what is the role of SIHRM in building resilience and organizational performance?
- What are the implications of semi-globalization for SIHRM?
- What are the effects of intended HR strategies, implemented HR policies and perceived HR practices at multiple levels?
- Will new forms of SIHRM replace the predominately Anglo (US and UK) view?
- Will new forms of knowledge sharing emerge between teams and subsidiaries within *and between* MNEs?

Specifying research questions is one way to offer guidance for SIHRM research. Another way is to identify limitations and gaps in current research: these may be considered in terms such as what is researched or whose perspectives are heard in the research. For example, SIHRM research can be criticized for a dominant focus on MNCs, and particularly MNCs headquartered in developed economies. Further work is needed to develop theoretical understanding of different multinational organizational forms and to explore beyond organizational boundaries.

Considering construct validity and validation, for example, Suddaby (2010) has argued that weakly communicated constructs or constructs that are so narrowly defined they lack relevance have often led to situations where the results of academic research in relation to the measurement of HR outcomes do not reach the practitioner community. Measures/constructs should strike a balance "between definitional accuracy and communicable generality" (Suddaby, 2010: 353). Enterprise resilience (De Cieri and Dowling, 2012; Lengnick-Hall *et al.*, 2009) is an example of a construct that has emerged in recent SIHRM writing, yet requires validation.

With regard to research design and analysis, Mathieu and Chen (2011: 632) remind us that a multilevel approach should not be applied as a blanket rule as it may not be applicable or informative for all research questions. Further, they identify five challenges to the multilevel paradigm. Two of the challenges are particularly salient to SIHRM research: "the need to integrate the nested-arrangements approach with the longitudinal approach challenges associated with modeling current and future multilevel models; and [. . .] the role of multidisciplinary influences for multilevel management theory and investigations" Mathieu and Chen (2011: 610). Guidance relevant to SIHRM research is also offered by Peterson *et al.* (2012) in their analysis of key methodological issues (and pitfalls) for the application of multilevel models (MLM) in international business; these issues include the criteria used when deciding whether to use MLM, sample sizes, and measure equivalence at multiple levels.

Adding to the list of methodological issues to consider, Cascio's (2012: 2532) review of IHRM research identifies five fundamental methodological concerns in quantitative research: "translation, conceptual, functional, and metric equivalence when assessment or survey questions are used in different languages and cultural contexts; the use of multiple, overlapping constructs and common methods bias; limitations of measures of internal-consistency reliability (coefficient alpha); sampling strategies; and non-response bias." While Cascio's analysis does not address qualitative research, he recognizes that several of the issues will be important considerations in any type of research.

Conclusion

We have discussed recent advances in strategy scholarship, particularly the increasing attention to the integrative strategy process. Parallel advances in SIHRM reflect the turbulent and increasingly complex global workplace. Drawing together these parallel streams of scholarship, we have identified potential directions for the SIHRM field to develop with regard to multilevel theorizing and modeling. We acknowledge that we have not addressed all of the potential issues and directions for SIHRM scholarship; however, we argue that we have outlined some important areas for SIHRM scholarship to address.

This chapter offers some direction for SIHRM scholarship to build sequential development of understanding that has the potential to capture and analyse evolving challenges faced by MNEs. We suggest that real advances in SIHRM scholarship will be brought by theorizing and research approaches that create bridges and encourage knowledge sharing.

Note

1 *Enterprise resilience* refers to the ability of an enterprise to respond or "bounce back" from shock events (Branzei & Abdelnour, 2010). In a study of enterprise resilience under contexts of terrorism in developing countries, Branzei and Abdelnour (2010) report that enterprise resilience yields more favorable economic payoffs at higher levels of terrorism, especially for informal entrepreneurs. Although they do not focus on MNEs, Lengnick-Hall *et al.* (2011) discuss the role of strategic HRM in developing a capacity for enterprise resilience. This emerging stream of research complements studies in which resilience has been considered at the individual level of analysis (e.g., the "resilient personality" or the "resilient manager") (see Shin *et al.*, 2012).

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3

Sociology and international human resource management

Gilton Klerck

Introduction

As corporations increasingly strive to expand their operations across national boundaries, human resource managers are compelled to develop an enhanced appreciation of and responsiveness to the impact of different national contexts on the managerial form and function. The activities of multinational corporations (MNCs) influence the working lives of a growing number of employees in many different countries, and the sheer scale of their operations poses formidable challenges to conventional human resource management (HRM) practices. In the field of international human resource management (IHRM), scholars have endeavoured to assist practitioners by conducting research that is routinely framed by two questions: (a) what is general and universal in the management function; and (b) what is peculiar or specific to one nation or culture? A central theoretical concern underlying the field of IHRM is the tension between global integration and local adaptation. Straddling an escalating number of national spaces, MNCs are ever more concerned with the particularities of the institutional and normative frameworks of the countries within which they operate. An understanding of these national characteristics is imperative because MNCs do not organise their activities in a vacuum, but rather in the context of the multiple structural, organisational and cultural landscapes on which they operate. To be sure, given their often-substantial resources, MNCs may also play a part in constructing these environments (Almond *et al.*, 2005; Boyer *et al.*, 1998; Ferner & Quintanilla, 1998), which is likely to shape the experiences of employees and employers in the host countries. In other words, all national social relations have global as well as local conditions of existence and impacts.

The discipline of sociology – as a study of the social structures, relations and processes of society – has much to offer the field of IHRM. This is reflected in the recent calls for 'more societally embedded organisational research' as evinced by the proliferation of studies drawing on neo-institutional theory, national business systems approach and cross-cultural perspectives in management studies (Peltonen & Vaara, 2012:69). A disregard of epistemological and ontological concerns, in particular, tends to be a persistent and debilitating source of weakness in management studies. Drawing on a realist-inspired sociology, for instance, would allow for the eschewal of a triple set of twinned mistakes: the *ontological* errors of voluntarism and reification, the *constitutive* errors of individualism and collectivism, and the *epistemic* errors of methodological individualism and social determinism (Bhaskar, 1979). The relational structure of societies and their irreducibility to individuals are essential insights for non-reductionist studies in IHRM. However, since all the social sciences are principally anchored at the level of the nation-state, there are limits to the insights into the study of transnational organisations and processes that IHRM may derive from sociology. Although

> none of the founding figures of sociology formally identified their object of study with the nation state, just such an ocularcentric identification nonetheless characterized much of their work. This was hardly surprising given both the founders' own practical political involvements and the fact that they were writing in the age of nationalism, when the drawing and defending of boundaries was a major preoccupation of governmental powers. Nor was it surprising that their successors should so seldom question this identification, given that they were writing in the context of the formation of an *inter-national* system whose rivalries had such cataclysmic consequences . . . Nor, finally, is it surprising that today there should be so much talk of 'sovereignty at bay', when there is only one superpower, when multinational corporations appear to be the new 'lords of human kind', [and] when nations are ceding some of their powers of governance to supranational bodies.
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> (Woodiwiss, 1997:90–91)

Deepening our understanding of the transnational domain is fundamentally a multidisciplinary task. Interdisciplinarity, however, raises questions about the interactive learning interface between two or more disciplines. This interface is bound to be fractured and pluralistic given variations in disciplinary openness to 'external' knowledge; divisions between different fields within disciplines; diverse research methods, cultures and objectives; and so on. Moreover, calls for greater interdisciplinarity are usually associated with two, conflicting trends (O'Reilly, 2009; Syed *et al.*, 2010). On the one hand, demands to explore beyond (especially national) boundaries, localities, field sites and exclusivities are accompanied by calls for sociology to embrace interdisciplinarity, transdisciplinarity or even post-disciplinarity. Distinctions between disciplines in the social sciences are described as parochial, imperialist, reductionist and devoid of ontological or epistemological justification. By providing access to various sources and types of knowledge, interdisciplinarity offers a considerably broader learning interface than is the case with a largely insular discipline. That is, it allows disciplines to use each other as repositories of knowledge and reservoirs of tacit expertise. On the other hand, there are appeals to recall or to redefine sociology's core, respect its scientific distance from related disciplines, defend a professional sociology that can engage in public debates in an informed way, or celebrate sociology as the 'flagship discipline' of the social sciences. Fears of the permeability, disintegration and dissipation of sociology are reflected in calls to safeguard its disciplinary boundaries, to maintain its core ideas, to defend its scientific objectivity against external threats, and to protect its status as the 'guardian of humanity'. On this view, sociology can contribute to and learn from other disciplines or fields, and must be open to new ideas and new developments, but it must not compromise its distinctive, core identity (O'Reilly, 2009:219–221). These tensions are also evident in IHRM.

In this chapter, we consider the impact of sociology on HRM and, by extension, on IHRM. First, we consider the fact that this impact is mediated by sociology's internal differentiation, following Burawoy, into four types: professional, policy, critical and public. This four-fold scheme depicts a division of sociological labour, within which sociologists specialise in one or more types of knowledge. The division of labour also represents a configuration of domination among the four types of knowledge that vary over time and by country. Of particular significance in the present conjuncture of 'third-wave marketization' is the public sociologist, who must 'fight for a countermovement that foregrounds society rather than installing a despotic state or appealing to a market utopia' (Burawoy, 2009:197). Making sense of the relationships between sociology and associated disciplines requires not only an awareness of the distinct objectives and purposes of the various sociologies, but also an appreciation of the key problematics in the discipline. Sociological explanations of the multilayered relations between structural conditions and human agency provide IHRM with the means to evade the reductionism associated with a social atomistic ontology and its epistemological manifestation, methodological individualism. Next, we consider the divisions between the functional, analytical and critical strands within HRM. These divisions add another layer of complexity to the task of assessing the impression that sociology has left on IHRM. While mainstream HRM has generally shown some reluctance to draw on industrial sociology, analytical HRM has revealed some ambivalence to do so and critical HRM has eagerly and extensively deployed concepts from industrial sociology.

A focus on the limitations of and divisions within HRM is necessary since these are largely carried over into the field of IHRM. In particular, a research agenda dominated by performance measures and a managerialist conception of the firm typify the functionalist strands of IHRM. The central focus areas of IHRM are filtered through an integration-differentiation matrix that trades on a contrast between 'best-practice' and 'best-fit' managerial practices. As with HRM, the influence of sociology on IHRM is variegated and this variegation is partly dependent on the methodological and ideological orientation of the scholar/s in question. Comparing mainstream analyses from IHRM with sociologically orientated perspectives on work and employment reveals significant differences, including the nature/level of analysis and the conceptualisation of conflict in the workplace. Finally, the role of institutions is especially important in any assessment of sociology's impact on the study of management in general and IHRM in particular. Following a concise sketch of neo-institutionalist and economic sociology, some of the fundamental applications of institutional theory in the IHRM literature are briefly outlined.

Sociology: professional, policy, critical and public

Evaluating the impact of sociology on other disciplines is complicated by the fact that it is internally differentiated. In a series of papers, Burawoy (2004, 2005, 2007, 2009) distinguishes four types of sociology – namely, professional, policy, critical and public – each with its own distinctive practice and purpose, its own notion of truth and politics. The universality of this scheme follows from two fundamental questions: first, 'knowledge for whom?' and second, 'knowledge for what?' For Burawoy (2009:191–192), policy sociology is explicitly aimed at solving 'problems' as defined by clients, developing strategies and providing solutions. Professional sociology pursues 'puzzles' defined by research programmes. This is how science develops: taking as given a range of assumptions that define a paradigm and then grappling with its internal contradictions and external anomalies. Professional sociology, according to Burawoy (2007), lies at the heart of the discipline and occupies a privileged position in the division of sociological labour: it supplies the necessary tools and techniques and advances knowledge that allows the other sociologies to flourish.

Sociologists, ingrained in a research programme, cannot pursue these puzzles and at the same time question the assumptions on which these puzzles are based. To do so, they need critical sociologists who specialise in questioning assumptions. In other words, because sociology is part of the society it studies, Burawoy (2004) argues that the discipline needs a critical sociology to interrogate and when necessary criticise the foundations and assumptions on which professional sociology rests. Here, Burawoy (2009) cites Sorokin's critique of the obsession with quantification or Gouldner's critique of structural functionalism. Critical sociologists take professional sociology to task for failing to examine the ideological and normative underpinnings that unwittingly promoted particular visions of society, which benefit one segment of the population at the expense of others. If critical sociology involves a dialogue with other sociologists about the foundations of professional sociology, public sociology is the dialogue about the foundations of society with publics beyond the academy. Public sociology, according to Burawoy (2004), also differs from the other three forms in that it explicitly engages in dialogue with these publics about issues that are morally and politically important.

In an effort to clarify his conception of public sociology, Burawoy (2009:192–193) draws a contrast between 'traditional' and 'organic' public sociology. Traditional public sociology includes the celebrities of the discipline – such as C. Wright Mills, Pierre Bourdieu and Anthony Giddens – whose works bring a sociological perspective to public issues, or, in the memorable phrase of Mills, turn private troubles into public issues. They do so by the specifically sociological exercise of showing the interconnection between micro-experience and macro-structure. According to Mills, a key part of the 'sociological imagination' is a willingness to combine 'ideas that no-one expected were combinable'. The publics addressed by traditional public sociology are broad, thin, passive and mainstream, with an amorphous presence. For Mills, Bourdieu and Giddens, sociological education emanates from above in the sense that 'dialogue' is characterised by a one-way flow of communication from author to public.

Organic public sociology, by contrast, assumes that subjugated populations possess, in the words of Antonio Gramsci, a kernel of good sense contained in their common sense (ibid.). In this regard, sociological education is an unmediated dialogue between sociologist and public, employing sociological concepts to reveal and elucidate the fundamental insights into social structure that everyone possesses. Public sociology engages directly with specific publics in specific settings and focuses on the specific interests of whatever public the sociologist is working with. Here, Burawoy (2009) cites educators such as Paulo Freire and feminists like Dorothy Smith, who believe in working from the experience of the oppressed. Alain Touraine's action sociology, which is also included, develops the insights of activists in social movements through the discussions and interventions coordinated by sociologists. In this case, the public is thick rather than thin, local rather than broad, active rather than passive, oppositional rather than mainstream. The organic public sociologist,

> who works in the trenches of civil society, is invisible and very different from the traditional public sociologist, whose effectiveness depends upon his or her visibility . . . There is often a deep animosity between the two types of public sociologist. The traditional public sociologist regards close encounters with publics as contaminating whilst the organic public sociologist regards knowledge incubated in the academy as serving the powers that be. This mutual hostility has its roots within the academic hierarchy as well as ideology, but I will argue that each benefits from the presence of the other – the traditional public sociologist gives overarching direction and legitimacy to and receives energy and insight from the intense involvement of the organic public sociologist.
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> (Burawoy, 2009:193)

This four-fold scheme depicts a division of sociological labour, within which sociologists specialise in one or more types of knowledge and through which they move as their careers develop. The division of labour also represents a configuration of domination among the four types of knowledge that vary over time and by country.

Despite divisions and conflicts between protagonists of the various types of sociology, Burawoy (2009:195) argues that a thriving sociology requires all four types of knowledge, and that underlying their antagonism there is a fundamental interdependence, the foundation of a 'symbiotic division of labour'. For example, professional sociology acquires its vitality from infusions of public sociology, advances under pressure from critical sociology, and is often sustained by policy sociology. The antagonists are all locked into a common division of labour, and 'to the extent that professional sociology becomes irrelevant, critical sociology becomes dogmatic, policy sociology becomes servile or public sociology becomes populist, that is, to the extent any given type lose touches with and loses respect for the others, all suffer, and our discipline loses its vitality' (ibid.). For Burawoy (2009:196), this 'putative unity-in-division' or 'antagonistic interdependence' is grounded in the standpoint sociologists share, namely the standpoint of civil society. To be sure, the claim that sociologists study the world from the standpoint of civil society does not mean that they only study civil society. Rather, they study the state or the economy, for example, from the standpoint of their social benefits and/or consequences. Given the wide-ranging implications of and the notable reservations still attached to 'public sociology', it is hardly surprising that it has sparked a rigorous and extensive debate (see Blau & Smith, 2006; Bridger & Alter, 2010; Clawson, 2007; Jeffries, 2009; Nichols, 2007; Swedberg, 2007).

Making sense of the relationships between sociology and associated disciplines requires not only an awareness of the distinct objectives and purposes of the various sociologies, but also an appreciation of the key problematics in the discipline. The core of sociology, according to Scott (2005, cited in O'Reilly, 2009:222)), revolves around a framework of ideas about social relations: all human activity is socially embedded; the 'social' constitutes inter-subjective phenomena that are irreducible to biology or psychology, to individual actions or the meanings attributed to them; inter-subjective phenomena form social structures (social facts, forms of social life, norms and institutions) which, in turn, are reproduced by and form the conditions for individual and collective actions by becoming embedded in social relations, embodied as tendencies, acknowledged or witnessed by actors in the form of rules or laws, or simply acted upon as norms and conventions; and these social structures are relational, institutional and embodied (cited in O'Reilly, 2009:222). Sociology is therefore an emergent set of ideas designed to explain 'the social' in terms of the interrelationship of social actors and social structures. This work occupied the foundational theorists, who conceptualised the social in terms of a materialist conception of history (Karl Marx), the existence of objective social facts (Emile Durkheim), meaningful action (Max Weber) or emergent forms of social life (Georg Simmel). It is continued in the work of contemporary theorists, who conceive of the social using a theory of practice (Pierre Bourdieu), structuration theory (Anthony Giddens) or analytical dualism (Margaret Archer). It is advanced by developing concepts, which are designed to avoid the reduction of conditions to actions and vice versa, such as habitus and field, positioned-practices, internalised structures or performance and embodiment.

Neither subjectivist explanations of society as the product of conscious human activities nor objectivist explanations of society as existing independently of conscious human activities are adequate (Archer, 1995). The social dimension is not captured by the reified position of structuralism that reduces humans to mere bearers of structures or by the spontaneist conception of voluntarist humanism in which everything can be explained in terms of human activity. The objectivist emphasis on the role that institutions play in shaping the conduct of (pliable and largely reactive) individuals suggests that society creates people. In subjectivist conceptions, human agency exercises an active, formative and recursive influence on social institutions in the sense that people create society. In reality, however, society does not directly create people any more than people directly create society. This is unavoidable since social structures, as the 'sedimented deposits of past actions', become the conditions of subsequent activities (Lawson *et al.*, 1996:146). Simply combining these approaches will not solve the problem: it makes no sense simultaneously to posit a voluntaristic idealism whereby individuals create the social structure and a mechanical determinism whereby people are essentially the product of their situation. While social structures and intentional action presuppose each other, they are quite different kinds of things and cannot be reduced to, or reconstructed from, each other. Indeed, Bhaskar (1979:43–44) argues that there is a real distinction – an 'ontological hiatus' – between human agency and social structures:

> [If], following Durkheim, one regards society as providing the material causes of human action, and following Weber, one refuses to reify it, it is easy to see that both society and human praxis must possess a *dual* character. Society is both the ever-present *condition* (material cause) and the continually reproduced *outcome* of human agency. And praxis is both work, that is conscious *production*, and (normally unconscious) *reproduction* of the conditions of production, that is society.

He refers to the former as the 'duality of structure' and the latter as the 'duality of praxis'. Society is not the creation of unconditional human agency, nor does it exist independently of it; individuals neither completely determine, nor are they completely determined by, social structures. Bhaskar (1979) is therefore proposing a conception that people, in their conscious activity, for the most part unconsciously reproduce (and occasionally transform) the structures governing their substantive activities of production. Human action is necessarily dependent on the existence of social structures and these depend on being reproduced through such activity. Social structures impose limits on the acts we can perform, but they do not determine our actions. Human agents have the potential to engage in transformative practice, albeit within specific limits. This means structures are both enabling and constraining, albeit in a specifically determined manner. In other words, people reproduce and sometimes transform society, but they do not create it *ab initio* since they always transform *existing* material conditions. The role of sociology is to explore the multi-layered relations between structural conditions (such as dispositions, institutions, constraints, norms) and human agency (such as desires, meanings, intentions, actions).

Bhaskar rejects atomistic views of society for implying that knowledge of society can be reduced to knowledge of people. His relational alternative to atomistic models of society underlines the fact that our social acts presuppose relations of various kinds – for instance, one is an employee only because of one's relation to an employer. Yet, the relations and the related individuals may be ontologically independent in the sense that it is possible to focus study on the relations (which endure through changes of the related individuals), or on individuals (who may circulate around the network of relations that is society). The ontology of social atomism along with its epistemological manifestation, methodological individualism, remains a form of reductionism. The subject matter of social science cannot be reduced to principles governing the behaviour of human individuals and descriptions of their situations. Bhaskar follows and builds upon the insight of Marx that society is not only a sum of individuals, but also comprises the totality of positions and social relations in which these individuals stand. Social reality is thus conceived as 'intrinsically dynamic and complexly structured, consisting in human agency, structures and contexts of action, none of which are given or fixed, and where each presupposes each other without being reducible to, identifiable with, or explicable completely in terms of, any other' (Lawson, 1997:159). The relational conception of social forms entails that

> the *social* conditions for the substantive activities of transformation in which agents engage can only be *relations* of various kinds. And the transformational model entails that these activities are essentially *productions*. The subject matter of sociology is, thus, precisely: *relations of production* (of various kinds).
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> (Bhaskar, 1979:56)

On this view, social phenomena are not things, but relations. As Bhaskar (1989:28–29) puts it:

> Sociology is not concerned, as such, with large-scale, mass or group behaviour (conceived as the behaviour of large numbers, masses or groups of individuals). Rather it is concerned, at least paradigmatically, with the persistent *relations* between individuals (and groups), and with the relations between these relations (and between such relations and nature and the products of such relations).

Bhaskar's transformative model of social activity accounts for the fact that, in their interactions with society, human agents act as both its effects and its causes. In order to combine these insights, we need

> a system of mediating concepts, encompassing both aspects of the duality of praxis, designating the 'slots', as it were, in the social structure into which active subjects must slip in order to reproduce it; that is, a system of concepts designating the 'point of contact' between human agency and social structures. Such a point, linking action to structure, must *both* endure and be immediately occupied by individuals.
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> (Bhaskar, 1979:51)

This mediating system is that of the *positions* occupied by individuals, and of the *practices* in which, by virtue of their occupancy of these positions (and vice versa), they engage. 'Now such positions and practices, if they are to be individuated at all, can only be done so *relationally*' (ibid.). The relations with which the social sciences are concerned must therefore be conceptualised as holding between the positions and practices ('positioned-practices'), not between the individuals who occupy or engage in them. While the existence of social structures as a condition for and outcome of human practice is a necessary feature of all societies, the specific *form* of these structures is of an historical character, which has been determined by (among others) class antagonisms, cultural practices and institutional frameworks.

Human resource management: functional, analytical and critical

It is not only the divisions within sociology, but also those in management studies in general that complicate the task of assessing the impression which the former discipline has left on the latter. Management studies, as Knights and Willmott (1997) show, are defined by the social division of labour between researcher and practitioner as well as that within academia. In addition, much of the mainstream management scholarship is characterised by a disregard (aversion?) for broader question of meta-theory (see Edwards, 2005; Fleetwood & Hesketh, 2008; Syed *et al.*, 2010; Thompson & Vincent, 2010). This is particularly prevalent in the HRM literature and lies at the root of many of its limitations and oversights. As Keegan and Boselie (2006:1506) note, 'debates on meta theory, the linguistic turn, and reflexivity have not taken root or changed the way most research is undertaken and published in the field of HRM'. Consequently, they argue, debates in HRM tend to be narrow, technocratic, managerialist, exclude consideration of broader