International Human Resource Management
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Course Introduction and Overview

Contents

1 Course Objectives 3
2 The Authors 4
3 Course Structure 4
4 Learning Objectives 5
5 Study Materials and Resources 6
6 Teaching and Learning Strategy 6
7 Assessment 7
Course Objectives

This course aims to introduce you to the study and practice of International Human Resource Management (IHRM). To benefit from this, you need, of course, to have a basic understanding of Human Resource Management (HRM) itself. HRM has developed from personnel management, but instead of concentrating primarily on the hiring and firing of staff, it is the strategic and coherent approach to the overall management of an organisation’s most valued assets – the people working there who contribute to the objectives of the business. Its main aim is to develop personnel policies that improve employee relations at work. This course will, therefore, begin with an examination of the history and nature of Human Resource Management, before embedding it in its international context.

In Unit 1, you will learn about the main tasks involved in HRM:

- human resource planning
- job analysis
- recruitment and selection
- performance management and appraisal
- career development
- pay management
- employee relations
- training and development.

You will also be introduced there to the importance of cultural dimensions, both in individual organisations and between different countries. As well as a business practice, though, HRM is also an academic theory and, like all such theories, is subject to debate. You will study the main perspectives and the most useful models in the first unit, and how to compare and assess them.

Unit 2 discusses in greater depth the cultural and institutional contexts of HRM, stressing the importance of national context in shaping HRM practice and policies. In Unit 3 you will use case studies that develop the aims of the previous unit by examining the importance of cultural context for IHRM, and the impact of the institutional context on its tasks. The focus of Unit 4 is on an examination of the relationships between the ‘parent company’, or the corporate headquarters of multi-national corporations, and subsidiaries located overseas. Unit 5 aims to critically analyse the importance of the tension between differentiation and integration as a key element of IHRM, and Unit 6 introduces the concept of organisational learning and examines how it can be applied as organisational knowledge. Unit 7 looks at the international trend towards the use of International Joint Ventures, and Unit 8 discusses the areas of foreign assignment and expatriation, which have been recurring themes throughout the course, and it provides a course overview.

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2 The Authors

Dr Richard Common was a UK Civil Servant before becoming a researcher at the London Business School and then the London School of Economics. He has lectured in public sector management at a number of Universities in the UK, and at the City University of Hong Kong. He joined the Business School at the University of Hull in 2001, and then in 2007 moved to Manchester Business School as Senior Research Fellow. Dr Common has a Master’s degree from the London School of Economics and gained his Doctorate from the University of York. He has published extensively on public sector management reform, including (in 2001) Public Management and Policy Transfer in Southeast Asia (Aldershot: Ashgate).

3 Course Structure

The course units cover the following topics.

Unit 1 Study of International Human Resource Management
   1.1 An Introduction to Human Resource Management
   1.2 The Tasks of Human Resource Management
   1.3 The Main Debates in Human Resource Management
   1.4 Conclusions and Summary

Unit 2 The National Context of Human Resource Management
   2.1 The Importance of Context
   2.2 Seven Cultures of Capitalism
   2.3 Convergence and Divergence? The Role of Culture
   2.4 HRM and National Culture
   2.5 The Institutional Context of HRM
   2.6 Other contextual factors

Unit 3 The National Context of Human Resource Management – Case Studies
   3.1 The Importance of National Context
   3.2 Implications
   3.3 Conclusion

Unit 4 Managing HR Across the World
   4.1 Introduction
   4.2 Going International
   4.3 Parent–Subsidiary Relationship
   4.4 Subsidiary Perspective
   4.5 Conclusion

Unit 5 Differentiation and Integration
   5.1 Introduction
   5.2 Differentiation and Integration
   5.3 Mechanisms to Achieve Integration
   5.4 Conclusion
Unit 6 Knowledge Transfer within a Multi-National Company
6.1 Introduction
6.2 Organisational Knowledge and its Significance
6.3 HRM and Organisational Knowledge
6.4 Transfer of Knowledge Between and Within Organisations
6.5 Transfer of Knowledge within MNCs
6.6 Transfer of Managerial Know-how and HRM across National Borders
6.7 Conclusion

Appendix

Unit 7 HRM in International Joint Ventures
7.1 Introduction
7.2 Joint Ventures and National Culture
7.3 Organisational Culture and IJVs
7.4 HRM in Joint Ventures
7.5 Conclusion

Unit 8 Foreign Assignments – Conclusion to the Course
8.1 Rationales for Foreign Assignments
8.2 The Cost of Expatriation
8.3 Preparation for Foreign Assignment
8.4 Managing Expatriates
8.5 Conclusion to Unit 8
8.6 Summarising International Human Resource Management

4 Learning Objectives

When you have completed this course, you should be able to analyse the use of Human Resource Management principles in your own organisation, and perhaps introduce them; in addition you will be able to

- identify and discuss the main tasks associated with HRM
- assess the main perspectives on management and explain their relationship to HRM
- explain the importance of the cultural context for HRM
- discuss the challenges that multi-national corporations face in managing HR in some major economies
- evaluate the importance of parent–subsidiary relationships in relation to HRM
- assess the extent to which multi-national corporations have the freedom to impose common approaches to HRM in their international operations
- embed organisational learning and knowledge within the strategic IHRM function
- discuss the challenges of managing culture within an international joint venture
- examine expatriation from the perspectives of both the parent company and the overseas subsidiary/partner
• summarise IHRM and its implications for HR practice.

5 Study Materials and Resources

Your study materials for this course are the unit text or Study Guide, the course textbook and a Course Reader. The Study Guide is your central learning resource as it structures your learning unit by unit. Each unit should be studied within a week. It is designed in the expectation that studying the unit and the associated core readings will require 15 to 20 hours during the week, but this will vary according to your background knowledge and experience of studying.

Textbook

The course textbook, which is provided for you, is


This is a widely used and comprehensive account of the key issues facing multi-national corporations in their management of human resources. It also summarises the main debates in HRM, and examines HRM policies and practices in several major economies, with a number of illustrative case studies based on original research.

Course Reader

The Course Reader is a collection of journal articles, case studies and book extracts that are of particular relevance and interest to the topics covered in the course. The study guide provides guidance on how to use the course reader.

6 Teaching and Learning Strategy

Everything that you need to study for the course is provided, although if you have extra time and access to additional reading, this is certainly not discouraged. The course is designed to be useful both for practical application, in your own firm, and as an academic study of management principles.

You should take careful notes on all your readings for the course and, where indicated, answer the questions set, or complete practical exercises. You will get feedback and advice on your progress with the course in the comments on your assignments, and to help you prepare for the final examination there is a Specimen Examination Paper.

At certain points we will ask you to reflect on various aspects of the human resource management practices where you work. It will be valuable for you and your fellow students to share these reflections on the OSC. Short notes setting out the issue and the approach will enrich your and your fellow students’ experience of the course.

Please feel free to raise queries with your tutor and with your fellow students, if there are things that are not clear to you. Do this as soon as you find
a problem, because waiting will hold you up as you work through the course.

We hope that you will find the course instructive, useful and occasionally challenging.

7 Assessment

Your performance on each course is assessed through two written assignments and one examination. The assignments are written after week four and eight of the course session and the examination is written at a local examination centre in October.

The assignment questions contain fairly detailed guidance about what is required. All assignment answers are limited to 2,500 words and are marked using marking guidelines. When you receive your grade it is accompanied by comments on your paper, including advice about how you might improve, and any clarifications about matters you may not have understood. These comments are designed to help you master the subject and to improve your skills as you progress through your programme.

The written examinations are ‘unseen’ (you will only see the paper in the exam centre) and written by hand, over a three hour period. We advise that you practice writing exams in these conditions as part of you examination preparation, as it is not something you would normally do.

You are not allowed to take in books or notes to the exam room. This means that you need to revise thoroughly in preparation for each exam. This is especially important if you have completed the course in the early part of the year, or in a previous year.

Preparing for Assignments and Exams

There is good advice on preparing for assignments and exams and writing them in Sections 8.2 and 8.3 of Studying at a Distance by Talbot. We recommend that you follow this advice.

The examinations you will sit are designed to evaluate your knowledge and skills in the subjects you have studied: they are not designed to trick you. If you have studied the course thoroughly, you will pass the exam.

Understanding assessment questions

Examination and assignment questions are set to test different knowledge and skills. Sometimes a question will contain more than one part, each part testing a different aspect of your skills and knowledge. You need to spot the key words to know what is being asked of you. Here we categorise the types of things that are asked for in assignments and exams, and the words used. All the examples are from CeFiMS examination papers and assignment questions.

Definitions

Some questions mainly require you to show that you have learned some concepts, by setting out their precise meaning. Such questions are likely to be preliminary and be
supplemented by more analytical questions. Generally ‘Pass marks’ are awarded if the answer only contains definitions. They will contain words such as:

- Describe
- Define
- Examine
- Distinguish between
- Compare
- Contrast
- Write notes on
- Outline
- What is meant by
- List

**Reasoning**

Other questions are designed to test your reasoning, by explaining cause and effect. Convincing explanations generally carry additional marks to basic definitions. They will include words such as:

- Interpret
- Explain
- What conditions influence
- What are the consequences of
- What are the implications of

**Judgment**

Others ask you to make a judgment, perhaps of a policy or of a course of action. They will include words like:

- Evaluate
- Critically examine
- Assess
- Do you agree that
- To what extent does

**Calculation**

Sometimes, you are asked to make a calculation, using a specified technique, where the question begins:

- Use indifference curve analysis to
- Using any economic model you know
- Calculate the standard deviation
- Test whether

It is most likely that questions that ask you to make a calculation will also ask for an application of the result, or an interpretation.

**Advice**

Other questions ask you to provide advice in a particular situation. This applies to law questions and to policy papers where advice is asked in relation to a policy problem. Your advice should be based on relevant law, principles, evidence of what actions are likely to be effective.

- Advise
• Provide advice on
• Explain how you would advise

Critique
In many cases the question will include the word ‘critically’. This means that you are expected to look at the question from at least two points of view, offering a critique of each view and your judgment. You are expected to be critical of what you have read.

The questions may begin
• Critically analyse
• Critically consider
• Critically assess
• Critically discuss the argument that

Examine by argument
Questions that begin with ‘discuss’ are similar – they ask you to examine by argument, to debate and give reasons for and against a variety of options, for example
• Discuss the advantages and disadvantages of
• Discuss this statement
• Discuss the view that
• Discuss the arguments and debates concerning

The grading scheme
Details of the general definitions of what is expected in order to obtain a particular grade are shown below. Remember: examiners will take account of the fact that examination conditions are less conducive to polished work than the conditions in which you write your assignments. These criteria are used in grading all assignments and examinations. Note that as the criteria of each grade rises, it accumulates the elements of the grade below. Assignments awarded better marks will therefore have become comprehensive in both their depth of core skills and advanced skills.

70% and above: Distinction As for the (60-69%) below plus:
• shows clear evidence of wide and relevant reading and an engagement with the conceptual issues
• develops a sophisticated and intelligent argument
• shows a rigorous use and a sophisticated understanding of relevant source materials, balancing appropriately between factual detail and key theoretical issues. Materials are evaluated directly and their assumptions and arguments challenged and/or appraised
• shows original thinking and a willingness to take risks

60-69%: Merit As for the (50-59%) below plus:
• shows strong evidence of critical insight and critical thinking
• shows a detailed understanding of the major factual and/or theoretical issues and directly engages with the relevant literature on the topic
• develops a focussed and clear argument and articulates clearly and convincingly a sustained train of logical thought
• shows clear evidence of planning and appropriate choice of sources and methodology

**50-59%: Pass below Merit (50% = pass mark)**
• shows a reasonable understanding of the major factual and/or theoretical issues involved
• shows evidence of planning and selection from appropriate sources,
• demonstrates some knowledge of the literature
• the text shows, in places, examples of a clear train of thought or argument
• the text is introduced and concludes appropriately

**45-49%: Marginal Failure**
• shows some awareness and understanding of the factual or theoretical issues, but with little development
• misunderstandings are evident
• shows some evidence of planning, although irrelevant/unrelated material or arguments are included

**0-44%: Clear Failure**
• fails to answer the question or to develop an argument that relates to the question set
• does not engage with the relevant literature or demonstrate a knowledge of the key issues
• contains clear conceptual or factual errors or misunderstandings

[approved by Faculty Learning and Teaching Committee November 2006]

**Specimen exam papers**

Your final examination will be very similar to the Specimen Exam Paper that you received in your course materials. It will have the same structure and style and the range of question will be comparable.

CeFiMS does not provide past papers or model answers to papers. Our courses are continuously updated and past papers will not be a reliable guide to current and future examinations. The specimen exam paper is designed to be relevant to reflect the exam that will be set on the current edition of the course.

**Further information**

The OSC will have documentation and information on each year’s examination registration and administration process. If you still have questions, both academics and administrators are available to answer queries.

The Regulations are also available at [www.cefims.ac.uk/regulations.shtml](http://www.cefims.ac.uk/regulations.shtml), setting out the rules by which exams are governed.
The examination must be completed in **THREE** hours.

Answer **THREE** questions, selecting **at least ONE** question from **EACH** section. The examiners give equal weight to each question; therefore, you are advised to distribute your time approximately equally between three questions.

**PLEASE DO NOT REMOVE THIS PAPER FROM THE EXAMINATION ROOM. IT MUST BE ATTACHED TO YOUR ANSWER BOOK AT THE END OF THE EXAMINATION.**
Answer THREE questions; at least ONE from EACH section.

Section A

(Answer at least ONE question from this section)

1. Is the study of International Human Resource Management the result of a convergence in human resource practice?

2. To what extent does the cultural context influence human resource management in a country of your choice?

3. Explain how both domestic and international institutions shape human resource management in individual countries. Are some institutions more important than others?

4. What are the stages of internationalisation and how do they affect HR practice?

Section B

(Answer at least ONE question from this section)

5. Is it both possible and desirable for MNCs to impose common HR practices across their international operations?

6. Consider how the use of organisational knowledge and learning can be embedded within the international HR function of an organisation.

7. What does the case study of Renault and Nissan tell us about the problems of managing HR in international joint ventures?

8. Is there a ‘best way’ to manage expatriates?

[END OF EXAMINATION]
International Human Resource Management

Unit 1 The Study of International Human Resource Management

Contents

1.1 An Introduction to Human Resource Management 3
1.2 The Tasks of Human Resource Management 4
1.3 The Main Debates in Human Resource Management 6
1.4 Conclusions and Summary 13
References 14
Unit Content

Unit 1 is an introduction to the study and practice of Human Resource Management (HRM) as a basis for your further study of International Human Resource Management (IHRM). The unit’s aims are to present an overview of HRM and to introduce and critique some of the current debates in the study of human resource management. You will learn about the history of the emergence of HRM from personnel management, the basic activities undertaken by human resource management teams and the three main perspectives (unitary, radical and pluralist) that scholars of HRM have debated.

Learning Outcomes

When you have completed this unit and its readings, you will be able to

• outline the emergence of HRM from personnel management
• identify and discuss the main tasks associated with HRM
• assess the main perspectives on management and explain their relationship to HRM
• consider the importance of context for management and HRM.

Readings for Unit 1

Textbook


Course Reader

1.1 An Introduction to Human Resource Management

Before we can begin to explore International Human Resource Management (IHRM), we have to begin with HRM. As the term ‘HRM’ implies, this course is concerned with the management of people in organisations. Although the term HRM covers a range of activities, the term is increasingly used as an alternative to ‘personnel management’. Historically, personnel management has been used to denote a narrow range of activities within bureaucratic organisational settings, but even here its use is increasingly less relevant (Torrington et al. 2005: 12). Personnel management and HRM do not necessarily refer to different sets of management activities; rather, they complement each other while emphasising different approaches to the task of managing human resources. As Legge (1995: 75) observes, HRM is ‘essentially a more central strategic management task than personnel management in that it is experienced by managers’ (my emphasis).

There are compelling reasons why the term HRM has largely superseded that of ‘personnel management’:

- With hierarchies decreasing and the growing emphasis on becoming leaner and fitter, the onus is increasingly on corporations extracting the best possible performance from all employees (Crainer 1998: 115).

However, defining HRM is problematic when one confronts the literature; there are a variety of interpretations on offer. The problematics of defining HRM are outlined in Chapter 1 of Tayeb, but the following definition from Mullins (2002: 685) is useful as it helps us to understand the term:

Human resource management is ‘resource-centred’, directed mainly at management needs for human resources to be provided and deployed.

Although there is no ready ‘hard and fast’ definition of the term HRM, as Crainer tried to demonstrate above, wider organisational change has forced personnel management beyond something that it is defined in structural terms, as a discreet department or function of management. Models of HRM thus emphasise the close link to organisational strategy, whereas personnel management was traditionally viewed as a separate part of the organisation that hired and fired people.

Reading

Now is an apt time for you to read the first chapter of your textbook, which provides an introduction to the study of Human Resource Management in general, and IHRM in particular. The emphasis of the book on multi-national corporations (MNCs) is established in this chapter, but this does not narrow the scope of what is to be studied on this course. The fact that organisations and companies operate internationally has led to the emergence of IHRM.

In addition to taking your own notes on Tayeb’s chapter, you should find it useful to answer the ‘Revision Questions’ on page 13.
To try to build a picture of HRM, we turn now to consider a list of activities that are regarded as a field of practice for human resource management.

1.2 The Tasks of Human Resource Management

This section briefly introduces what constitutes the main areas of concern for the HR manager. Many of these activities have developed in contrast to the traditional administrative roles of personnel management. The emphasis here is on the activities and the management of organisational culture that demarcate HRM from other managerial tasks within organisations.

1.2.1 The activities of HRM

Human resource management is a contested field of study, with much controversy and many competing models. Reassuringly, however, there is less controversy about the content of human resource management. Virtually all writers assume that there is a set of core activities, and that there is a body of good practice associated with each of them (although there is some disagreement about the exact membership of the set, and about what good practice consists of in each activity). We now list the activities in addition to an important theme, culture, which we discuss in detail in this course. The activities include:

- human resource planning
- job analysis
- recruitment and selection
- performance management and appraisal
- career development
- pay management
- employee relations
- training and development.

Human resource planning

Human resource planning refers to the group of techniques that enable the manager to plan the staffing of an organisation. Organisations, especially large ones, need to forecast their staffing needs. Formerly known as ‘manpower planning’, human resource planning encompasses quantitative (such as calculating staff turnover) in addition to qualitative approaches (such as assessing staff motivation). Human resource planning is aligned with the strategic objectives of the organisation for it to be successful.

Job analysis

Human resource planning is carried out at the level of the organisation as a whole. Job analysis is a complementary activity, which is carried out at the level of the individual job or ‘family’ of jobs. Job analysis refers to the group of techniques that are used to determine the content of jobs, and the knowledge, skills and abilities which jobholders require when carrying them out.
Recruitment and selection

Once job analysis has been undertaken, the organisation can proceed to recruit staff to fill the jobs it has identified. At the recruitment stage the organisation attracts candidates to apply for its jobs; at the selection stage it chooses the best person for the job or jobs from among the candidates it has attracted. Recruitment and selection, therefore, refers to the group of techniques used to recruit and select staff to carry out the jobs identified within the organisation.

Performance management and appraisal

Once the best person has been identified and has started work, organisations often wish to monitor their performance and help them to develop. In the first instance, monitoring and development occurs through the normal processes of day-to-day work, where staff develop themselves with the help of their managers. However, some organisations have recently started to take a systematic approach to the management of individual performance, seeing it in the context of the overall strategy of the organisation: this is what has come to be called ‘performance management’.

Many organisations have also found it desirable to institute a formal annual review of performance, conducted jointly by the employee and his or her manager: this is what is called ‘performance appraisal’.

Career development

Career development refers to the development of the individual’s career in the organisation. In a large organisation, the majority of staff are typically recruited at the beginning of their career and stay on until retirement. In the course of their career they are likely to carry out a number of different jobs, especially if they are in a professional, administrative or managerial position. The sequence of HR activities outlined so far, however, does not allow for this fact. It implies that the individual only moves from one job to another by making a job application, as if he or she were joining the organisation for the first time. While this is one of the ways in which individuals move jobs within an organisation, many organisations now believe that they should develop the individual’s career so that the organisation gets the maximum benefit from his or her services, and should provide opportunities for career development to individuals.

Pay management

Deciding how much and in what way staff should be paid is a major part of human resource management. Pay decisions are based not only on employees’ performance, but include data from more general performance management and appraisal procedures, such as an analysis of the movement of payment rates in the external market.

Employee relations

To ensure productive employee relations, HRM practitioners must deal with the management of the relationship between the organisation and the staff as a whole. In many countries and organisations a trade union or unions represent staff. However, we shall argue that employment relations
are a concern of the HR manager even if his or her organisation is not ‘unionised’: she or he must still decide, among other things, how the organisation is going to communicate with its staff, and the extent to which staff should participate in the management of the organisation.

Training and development

Although staff develop their skills through day-to-day work, as we have just noted, organisations often provide additional formal learning opportunities. These may be off-the-job training courses, or they may include work-based development programmes. We can also include post-graduate qualifications such as the one you are studying for now. Staff development a recognition that staff may need to develop new skills or acquire new knowledge, both for their own development and to meet the organisation’s needs.

1.2.2 Culture

Culture is a dominant theme on this course, and is dealt with in some detail in Unit 2. Students on an international programme like this one are conscious of national differences as they consider the relevance of our material to their situations. National differences take many forms. To give one example: each country has its own code of employment law, which determines whether strikes are legal or illegal, and whether public employees have a great deal or very little security of tenure.

However, it is sometimes asserted that differences between countries are more deep-seated than mere legal differences (which, in principle, can be changed at the stroke of a pen) and that they reflect different assumptions about behaviour: for example, the level of respect which should be given to authority and the extent to which individuals consider themselves to be part of a collective or to be separate individuals apart from the collective. It has been argued that such differences of national culture have a bearing on the practice of human resource management. To take one example, it has been suggested that methods of performance management and appraisal, which emphasise the individual as the unit of performance, will not take root in countries that have a ‘collective’ culture.

Anthropologists have long studied such differences between countries. In recent years, however, writers on organisations have begun to argue that there are cultural differences between organisations just as there are between nations, and that they too have a bearing on the practice of human resource management. Some of those writers have also argued that managers can act to change the organisation’s culture, but that is beyond the remit of this particular course.

1.3 The Main Debates in Human Resource Management

In the introductory section, it was noted that various authors have, rather inconclusively, attempted to distinguish HRM from ‘traditional’ personnel management. However, it is generally agreed that key outputs of HRM are personnel policies, which improve employee relations at work.
As in any other field of the social sciences, HRM is open to criticism. Most of the main debates in HRM are derived from a number of competing perspectives, which also dominate management thinking in general. These are the unitarist, radical and pluralist models of organisation and essentially regard organisations as political systems.

1.3.1 The unitary perspective

Unitarists regard the interests of individuals and society as being synonymous; thus in organisational terms, managers and staff have common objectives. Here, it is assumed that organisations will always act in the interests of the leadership, and the workforce is loyal to those interests. Conflict in the organisation is regarded as the result of disruptive forces. Therefore, HRM, which is often associated with co-operation and organisational loyalty, simply reinforces the type of managerial control associated with more traditional unitarist approaches to work and organisation (Horwitz, cited in Mullins 2002, p. 709).

In other words, HRM may ignore an individual’s needs and wishes in the face of organisational goals and HR policies will only work where the individual identifies with the goals of the organisation. Thus, HRM models presented in many management textbooks stress unitarist approaches based on a belief that individuals in organisations share the same goals.

1.3.2 The radical perspective

The radical perspective, on the other hand, is most closely associated with Marxist views on work, organisation and society. Organisations become the microcosm of class struggle in society where conflict is inevitable. In terms of human relations, the relationship between management and workers is essentially exploitative, and is reflected in HR practices (Morgan 1986: 186). Consequently, the radical perspective predicts that HRM incorporates the following aspects:

- policies to individualise the employment relationship, divide workers internally and weaken the basis for their collective resistance to management
- policies aimed at restructuring the workforce by reducing the proportion of ‘core’ or primary sector workers and expanding the ‘periphery’ or secondary sector of the labour market (Claydon 2001: 92).

1.3.3 The pluralist perspective

In political science, this perspective is based on the belief that groups in society bargain with government to gain concessions. Organisations thus contain powerful and competing groups, which inevitably come into conflict. Unlike the other perspectives presented here, conflict can be a positive thing that can lead to organisational change. HRM is primarily concerned with accommodation and consultation, particularly by acknowledging the legitimate interests of organisational stakeholders. For instance, in the public sector, the pluralist perspective is highly salient as the environment includes multiple stakeholders that go beyond the clients of public services: tax payers, other government departments, voters, interest groups,
pressure groups, political parties, trade unions and so on. The pluralist perspective is equally relevant to business organisations.

Question for reflection
Which perspective do you think best describes the organisation you work for, and why?

A second point of debate within HRM is the extent to which HR can improve organisational performance. There are a number of HRM models on offer, each with their own strengths and weaknesses, so what is clear is that there is no one ‘best way’. According to Buchanan and Huczynski (2004: 687), the basic HRM model is that described in Box 1.1.

Box 1.1 Buchanan and Huczynski HRM Model
If you implement ‘high-commitment-high-performance’ resource practices linked to strategy (Independent Variables) . . . you will improve quality of working life, quality of customer services and organisational effectiveness (Dependent Variables).

Tayeb (pp. 6–7) identifies some of the main models of HRM, but probably the best-known model is the Harvard model, which tries to avoid the unitarist approach of other HRM models by offering a stakeholder perspective. Developed by Michael Beer and his colleagues at Harvard, the model asserts that HRM must be consistent with organisational context and strategy, and recognises the importance of pluralist forces such as stakeholder groups. To this end Beer et al. (1984) offer a map of the HRM territory to illustrate how HR policy choices are shaped by contextual factors. The Harvard approach is thus regarded as ‘soft’ HRM, which emphasises the importance of human relations in the workplace, nurturing individuals, and assumes that workers are personally motivated. ‘Hard’ HRM is more unitarist by contrast: human resources are managed like any other resource that can be fitted in with organisational goals. The Harvard model carries some salience for IHRM in that it acknowledges external pluralist forces that act on the organisation in addition to providing an analytical framework, although there are some elements of prescription to it (see Torrington et al. 2005: 34–35).

Although each HRM model in the management literature offers variations on the basic model presented by Buchanan and Huczynski above, any limitations are compounded once they are removed from the context in which they are developed, either in Europe or the United States. This is why we now turn to the importance of context and emphasise it further in Units 2 and 3.

HRM models also establish a strong link with organisational strategy. As Stacey observes (1999: 76), ‘effective strategy implementation should occur when the people required to take action to this end are motivated to do so’. Another challenge for HR practitioners is the implementation of cultural change programmes to match a particular strategy. Participation, communication and training are generally regarded as ways of overcoming resistance to cultural change.
Question for reflection

How might the management of human resources contribute to the strategy of your organisation?

1.3.4 Convergence and divergence

A recurring theme in the IHRM literature is the debate between convergence and divergence. In the case of developing and transitional countries, the convergence argument is that differences between developing/transitional countries and industrialised countries are the product of technological, economic, legal and political conditions, and that as those conditions are converging rapidly, they can be discounted as an influence on organisational behaviour (Negandhi and Prasad, 1979). The divergence argument is that there are deep-seated cultural differences between countries, which render Western management theories, including those about HRM, inapplicable in different cultural settings (Hofstede, 1980).

Malcolm Warner has discussed the application of HRM to developing and transitional countries at length in the context of China in an article entitled ‘Human Resource Management with Chinese Characteristics’. Its particular value lies in the detail it gives about organisational conditions in China, and about their impact on the practice of HRM. Models of HRM take for granted such activities as recruitment and selection. Warner, however, asks whether those activities are handled differently in China. He also asks whether HRM elements such as strategic integration are appropriate to China or not. We look first at his analysis of the activities, and second at his analysis of the HRM elements.

Reading

Please study Warner’s chapter now.

When you have read Warner’s chapter, complete the table below. (We have completed the first item to show how this should be done.)

When you have completed your table, you might like to share your responses by posting the answers to the OSC shared area for this course.

Table 1.1 Applying and Adapting HR Activities in China

<table>
<thead>
<tr>
<th>Activity</th>
<th>Past practice</th>
<th>Present practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human resource planning</td>
<td>Little planning at the level of the enterprise; planning at provincial and municipal levels; (mis)allocation of graduates at national level</td>
<td>Past practice still applies; greater autonomy in joint ventures and foreign-owned firms</td>
</tr>
<tr>
<td>Job analysis</td>
<td></td>
<td></td>
</tr>
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<td>Recruitment and selection</td>
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Warner’s chapter gives a very distinctive picture of how human resource management was previously carried out in China:

- no human resource planning at the level of the individual enterprise
- graduates allocated by a central ministry rather than selected,

and so on. However, we should be careful not to assume that difference inevitably acts as a limitation on applying good practice that comes from somewhere else. Warner notes, for example, that centralisation of management decision-making, a characteristic of many Chinese organisations, is conducive to taking a strategic view of human resources. Similarly, worker participation and the identification of workers with their workplaces conform to some recent thinking on employment relations, which emphasises the importance of participation and commitment.

Warner presents a good deal of evidence that changes in Chinese government policies have had an impact on the current practice of human resource management. To take two examples, individual enterprises now have more freedom to recruit the staff they want, and there is more training for managers. The convergence argument seems to be supported by Warner’s analysis – most of the changes he reports seem to be conducive to the introduction of approaches such as flexible working, which are practised elsewhere.

However, there is also contrary evidence, at least in relation to one of the major areas of human resource management – that of pay management, as the box below shows.

**Box 1.2 Pay Management in China**

Pay determination has been a major issue in China since the revolution, and a national Soviet-style wage system was introduced in 1956. Its egalitarian basis was strengthened during the Cultural Revolution. Policy was changed, however, after 1978 by Deng Xiaoping and his supporters under the slogan ‘to each according to his work’, in contrast to the earlier principle of ‘eating from the same pot’; the latter was again challenged in the enterprise reforms of 1988. As a consequence, differentials between the earnings of top managers and other workers have increased.
However, a research study comparing human resource management in China and the UK shows that the differences are still stark. The ratio between the top and bottom earnings in the four UK companies studied varied from 20:1 to 40:1; in China it was never higher than 4:1. Although bonuses have been introduced in China, there is a preference for giving the same bonuses to all the workers in a company [you should recall that this preference is also noted by Warner, who adds that a bonus tax has been introduced in an effort to limit differences between the wages of workers in different workplaces].

The researchers attribute the difference between pay management practice in China and the UK to cultural differences, such as the high levels of individualism in the UK and the need to maintain harmonious relations within the organisation in China.

Source: Easterby-Smith, Malina and Yuan, 1995

1.3.5 International Human Resource Management

It is clear from the discussion of China above that there are enormous variations of what we call HRM in different national settings. However, a separate body of knowledge and practice has emerged in recent years with the label of IHRM. The reasons for this are covered in Chapter 1 of Tayeb, but in sum the interest in IHRM has paralleled the internationalisation of business whereby large corporations increasingly produce and market beyond their countries of origin.

This process has also signalled the internationalisation of employees as well, which has shifted HRM to a business activity of strategic importance (Myloni 2002: 182). It could be argued that the practice and study of international HRM has evolved alongside globalisation; business is operating in an increasingly international environment. In fact, ‘International HRM’ is often the term given to the management of HR in Multi National Corporations (MNCs) (Almond et al. 2004: 606).

If we return to the tasks of HRM outlined above, IHRM concerns the extent to which these core tasks change when HRM is practiced across national boundaries. On this basis, Morgan (1986) presents a model of IHRM based on the interplay between human resource tasks or activities, the national or country categories involved in HRM and the categories of employees in an international firm:

- the tasks of HRM (human resource planning, etc.)
- national/country categories involved in HRM tasks:
  - the host country where a subsidiary may be located
  - the home country where the firm is headquartered
  - ‘other’ countries that may be the source of labour, finance and other inputs
- categories of employees of an international firm:
  - host-country nationals
  - parent-country nationals
  - third-country nationals.

In this model, internationalisation adds layers of complexity to the task of HRM within a particular firm. Based on the work of Perlmutter (1969), MNCs then face three strategic choices to cope with this complexity: ethno-
centric, polycentric and global. An ethnocentric strategy is where a company uses the same HR practices overseas as it does at home. By contrast, a polycentric strategy involves a company following local HR practice in its overseas operations. A global strategy is where a company attempts to implement common HRM policies for all its overseas operations (Myloni 2002: 183). Of course, this implies an element of choice for senior managers and the reality is that hybrid strategies will emerge.

Torrington et al. (2005: 695) argue that International HRM is also concerned with decentralisation:

As an organisation increases its international activities, it inevitably steps up the degree of decentralisation, but internationalisation is not simply a form of decentralisation. It is the most complex form of decentralising operations and involves types of difference – language, culture, economic and political systems, legislative frameworks, management styles and conventions – that are not found in organisational growth and diversification that stay within national boundaries.

How the international HR manager identifies and copes with these ‘types of difference’ will be the subject of this course.

A final point about international HRM is that MNCs will also wish to use HRM policies as mechanisms for the central coordination and control of international operations, in addition to shaping the organisational culture (Myloni 2002: 182). Inevitably, there are a number of models of International HRM that attempt to explain how the strategic objectives of the organisation are balanced with local employee needs and values (see Almond et al. 2004).

In that case, it is perhaps more useful for managers to focus on specific HR policies and practices within the context of international organisations. Armstrong (2001) identifies the following:

- Employment policies – possible approaches:
  - fill all key positions with parent country nationals
  - appoint home country nationals
  - appoint the best people regardless of nationality.

- Recruitment and Selection – for international assignments, look for:
  - competency – technical, language skills, motivation etc.
  - previous overseas experience
  - evidence that the person shares the values of the culture in which he or she might work – ‘culture adaptability assessments’
  - family circumstances – both the person and spouse/partner adaptable to working overseas.

- Career Planning – requires tailoring to further the international perspective of the organisation.

- International Employee Development – the aim is to enable people to become more effective in their present job in an overseas location; account will need to be taken of cultural factors (in terms of how development programmes are delivered), and the extent to which there is central direction of programmes from the organisation, although they may be delivered locally.

(Adapted from Armstrong 2001: 135–38)
This overview provides the essence of some of the tasks of international HRM and how it builds upon the key aspects of HRM identified earlier in 1.2.

**Reading**

You should now realise that the international dimension adds a degree of complexity to HRM practices you studied at the beginning of this unit. Please turn to the article by Schuler, Budhwar and Florkowski, which provides a concise overview of the multiple levels of analysis required for an effective understanding of international HRM practices. Starting with the model of IHRM on page 42 and finishing on page 52, please study the issues and functions on IHRM outlined by the authors.

If you are unfamiliar with IHRM policies and practices, you may find it useful to make notes on each function.

**1.4 Conclusions and Summary**

HRM has a relatively recent history as a discreet subject area in the portfolio of management activities. Its lineage is traced to personnel administration, but as you will have noted from Tayeb, there is considerable debate about the extent to which HRM can be distinguished from ‘personnel management’ – or if it can be distinguished at all. This unit has briefly outlined how different perspectives on management are shaped. The academic literature appears to favour pluralist approaches to HRM, although HRM is most likely to be criticised from a unitarist or a radical perspective.

Of course, one of the dangers of presenting a ‘good practice’ model of HRM is that it is contestable and open to debate. The promotion of human resource planning, for instance, assumes a stable and predictable environment. However, the rapid pace of change within various organisational environments means that ‘planning’ can often be a futile exercise. In the next unit, the importance of context within which HR practice takes place and is shaped by a number of variables, including institutional capacity and organisational culture, will be stressed. These will be recurring themes throughout the course.

**1.4.1 Summary**

In this unit, the following has been covered:

- the emergence of HRM from personnel management
- the main tasks associated with HRM
- the main perspectives on management and their relationship to HRM
- the importance of context for management and HRM

and you should be able to write on all these issues, as noted in the introductory section.
References


