

INTERNATIONAL HUMAN RESOURCE MANAGEMENT

A Multinational Company Perspective

Monir H. Tayeb

OXFORD
UNIVERSITY PRESS

CONTENTS

LIST OF FIGURES	xiv
LIST OF TABLES	xv
Parti Setting the Scene	1
1 Introduction: Why Study International HRM?	3
Learning outcomes	3
Introduction	3
Multinational companies in our time	4
MNCs and people management	4
International HRM	7
Plan of the book	9
Part one	10
Part two	11
Part three	13
Chapter summary	13
Revision questions	13
Case study: NCR in Scotland	13
HRM in NCR	14
HRM and company performance	16
Case study questions	16
Recommended further reading	16
References	17
2 Internationalisation of HRM: Socio-Cultural Contexts	19
Learning outcomes	19
Introduction	19
National culture and HRM	19
HRM and its broad context	20
National culture	21
Concept of HRM and national culture	23
National culture and broad employee management issues	26
Attitude to power and authority and its implication for employee management	26
Tolerance for ambiguity and attitude to risk and their implications for employee management	26

Interpersonal trust and its implications for employee management	27
Individualism and collectivism and their implications for employee management	27
Preference for certain leadership behaviours and its implications for employee management	28
National culture and specific HRM issues	31
Selection and recruitment	31
Training	31
Job expectations and motivation policies	32
Performance appraisal, reward and promotion policies	34
Business imperatives and other non-cultural influences on HRM	35
Influence of non-cultural factors at individual level	35
Influence of non-cultural factors at organisational level	36
Chapter summary	38
Revision questions	38
Case study; Oki UK Ltd	38
Management practices	38
Some HRM functions	39
Case study questions	41
Recommended further reading	41
References	41
3 Internationalisation of HRM: Institutional Contexts	45
Learning outcomes	45
Introduction	45
National and international institutions	46
National institutions	46
international institutions	46
National institutions and HRM	47
Political economic system and HRM	47
Government and HRM	48
Economy and HRM	49
Trade unions and HRM	50
Employers' associations and HRM	50
Legal system, industrial relations laws and HRM	51
Social hierarchy and class systems and HRM	53
International institutions	54
International Labour Organisations (ILO) and HRM	54
European Union and HRM	55
Chapter summary	58
Revision questions	58
Case study. Elementis and MichelM	59
Health and safety in Elements	59
Industrial relations in Michehn	59

Case study questions	61
Recommended further reading	61
References	62
4 National Context of HRM: The Case of Seven Major Economies	63
Learning outcomes	63
Introduction	63
Major economies and their HRM practices	64
HRM in Japan	65
HRM in the United States	69
HRM in the United Kingdom	72
HRM in Turkey	74
HRM in the Arab Middle East	76
HRM in India	79
HRM in China	81
Implications of national diversity for multinational companies	85
Chapter summary	85
Revision questions	86
Case study: Litton imports cell manufacturing from Sweden	86
Cell manufacturing in Litton	87
Case study questions	88
Recommended further reading	89
References	89
Part II HRM in Multinational Companies	93
5 Going International: Managing HR Across the World	95
Learning outcomes	95
Introduction	95
Going international	95
Parent-subsidiary relationship	97
Parent company perspective	98
Subsidiary perspective	1 02
Chapter summary	107
Revision questions	107
Case study: Seiko Instruments	107
HR strategy	108
Recruitment	108
Overseas training	109
Training differences between Japan and Scotland	1 09
Team working	1 09

Consensual decision making	110
Pay and benefits	110
Industrial relations	110
Case study questions	110
Recommended further reading	111
References	111
6 Differentiate or Integrate? That's the Question	113
Learning outcomes	113
Introduction	113
Differentiation and integration	113
The relevance of integration and differentiation dilemma	116
Stage and form of internationalisation	116
Industry and markets served	118
Characteristics of employees	118
Mechanisms to achieve integration in highly differentiated and global companies	119
Financial mechanisms	119
Organisational mechanisms	120
Cultural mechanisms	120
HRM mechanisms	121
Non-traditional mechanisms to achieve integration	123
Chapter summary	125
Revision questions	125
Case study: News International pic	126
Relations with the head office	126
HRM policies and practices	127
Selection and recruitment	127
Induction training	127
Training and development	128
Pay and benefits	128
Career development	128
Industrial relations	128
Staff handbook	129
Organisational culture	129
Case study questions	129
Recommended further reading	129
References	129
7 Knowledge Transfer within a Multinational Company	133
Learning outcomes	133
Introduction	133

Organisational knowledge and its significance	134
Sources of organisational knowledge	135
Internal knowledge	1 35
External knowledge	135
Tacit and explicit knowledge	136
HRM and organisational knowledge	137
Transfer of knowledge between and within organisations	137
Transfer of knowledge within MNCs	138
The nature of knowledge to be transferred	1 38
Absorptive capacity of the recipients of knowledge and motivational factors	138
Transferability of knowledge across national borders	139
Developing countries and foreign knowledge and practices	140
Ex-communist countries and foreign knowledge and practices	141
Transfer of managerial know-how and HRM across national borders	142
Vehicles of transfer	142
Transferability of HRM policies and practices	1 43
Transfer strategies	146
Chapter summary	147
Revision questions	148
Case study: Transfer of knowledge in OKi— training and development	148
Training strategies and policies	1 48
Training new recruits	149
Training programmes	149
Training for job flexibility	1 50
Company knowledge base	1 50
Case study questions	1 51
Recommended further reading	1 51
References	151
8 HRM in International Joint Ventures	155
Learning outcomes	155
Introduction	155
Going international in partnership with others	1 55
International joint ventures and the rationale behind their formation	1 56
Performance record of joint ventures	1 57
Joint ventures and national culture	159
Home-country	159
Host-country	160
Effects of national culture on international joint venture operation	161
National culture and misunderstandings in IJVs	1 62
National stereotypes and problems in IJVs	162
Perception of cultural and psychic distance between nations	1 63
Organisational culture and IJVs	164

Company language in JVs	165
Human resource management in joint ventures	166
Dealing with difficulties associated with HRM in international joint ventures	166
How might international joint ventures tackle the culture 'problem'?	168
Chapter summary	171
Revision questions	171
Case study: Knowledge transfer in Intenia International	172
International expansion policies	1 72
Creation of knowledge within Intenia	1 73
Management of knowledge transfer within Intenia	1 73
Managing different cultures	1 75
Innovation as a result of knowledge transfer	1 75
Case study questions	1 76
Recommended further reading	1 76
References	176
9 Foreign Assignment	181
Learning outcomes	181
Introduction	181
Rationale for foreign assignment	182
Resource-based theory of foreign assignment	183
Ethnocentric versus polycentric views of expatriation	185
What price expatriation?	186
Foreign assignment from parent company perspective	1 86
Foreign assignment from subsidiary perspective	1 87
Preparation for foreign assignment	188
Selection	188
Training	188
Expatriates in host country	190
Loyalty and commitment	1 90
Envy and tension	1 91
Freelance expatriates	192
Attractions to employers of freelance expatriates	1 93
Motivation of freelance expatriates	1 93
Freelance expatriates' loyalty and commitment	1 93
Expatriates back home	194
Chapter summary	195
Revision questions	196
Case study Tubular Industries Scotland Ltd	196
The management of TISL	1 96
Expatriation policies	197
Case study questions	198

Recommended further reading	199
References	199
Part III HRM and Globalisation	201
10 HRM in the Global Village: Cultural Impediments and Practical Complications	203
Learning outcomes	203
Introduction	203
HRM in the global village	204
Internationalisation of HRM	204
Contextual factors	205
Internal organisational factors	206
International HRM--MNCs' Perspective	207
HRM as practised in a global company	209
Revision questions	210
Case study: Organon Laboratories Ltd, Scotland	210
Global HR strategy	210
General approach to HR policies and practices	211
Specific HR functions	211
Selection and recruitment	211
Training and development	212
Performance appraisal	213
Pay and benefits	213
Promotion and career development	214
Teamwork	214
Industrial relations	214
Expatriation	215
Case study questions	218
Recommended further reading	218
References	219
INDEX	221

LIST OF FIGURES

1.1	The position of HRM within the structure of organisation	5
1.2	Plan of the book	10
2.1	Broad context of HRM	21
2.2	Contextual factors determining HRM policies and practices	22
3.1	Institutional influences on human resource management	47
4.1	Seven major economies of the world	65
4.2	Cell manufacturing in Litton	87
5.1	Relevance of host country culture for MNC's HRM policies and practices	97
5.2	Parent-subsidiary relationship	106
5.3	Subsidiary-subsidiary relationship	106
6.1	Balancing integration and differentiation	114
6.2	Relevance of integration and differentiation dilemma	117
8.1	Host country institutions influencing IJVs	160
8.2	Factors influencing alliance performance	173
10.1	A dynamic model of internationalisation of HRM	207
10.2	A dynamic model of HRM in multinational companies	209