INTERNATIONAL HUMAN RESOURCE MANAGEMENT IN THE 21ST CENTURY: EMERGING THEMES AND CONTEMPORARY DEBATES

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INTRODUCTION

There is little doubt that the empirical and theoretical foundations of international human resource management (IHRM), alongside their application in practice, have developed significantly since the 1980s when Laurent (1986) described the field as in its infancy. Indeed, in a recent review of the field, Lazova (2006: 43) optimistically argues: “As an area of research, IHRM is vibrant and diverse and has grown even more so in the past decade”. In a similar vein, Björkman and Stahl (2006) note that not only has the degree of research in the field increased, but so too has the scope of the studies undertaken (see also Schuler and Tarique, 2007). In this special issue, we hope to contribute to the vibrancy and diversity of the field. While a thorough discussion of the state of the field of IHRM at the beginning of the 21st century is beyond the scope of this introduction (cf. Lazarova, 2006; Bjorkman and Stahl, 2006; Schuler et al., 2002; Scullion, 2004 for a discussion in this regard) we instead focus on the future prospects for IHRM. We also introduce the five papers in this special issue, each of which is written by leading figures in the field and each considering a key contemporary IHRM debate.

INTERNATIONAL HUMAN RESOURCE MANAGEMENT IN PROSPECT:

In this section we highlight some key aspects of the changing landscape of international business and the key emergent issues for IHRM at the beginning of the twenty-first century. This discussion is based on the notion that IHRM is “…a highly dynamic and constantly evolving field, with new themes emerging that transcend traditional approaches” (Bjorkman and Stahl, 2006: 6). Thus, scholars in the field are encouraged to continue to expand their research in the field through exploring new ideas through innovative theoretical and methodological approaches (see also Schuler and Tarique, 2007). While there are a wide range of influences which one could discuss, we restrict ourselves to what we consider the most significant in the context of IHRM. In particular we focus on the changing spatial landscape of international business with the emergence of India, China and Central and Eastern Europe (CEE) as
increasingly important markets. Further, we point to the changing security landscape which MNCs must consider in the post 9/11 world. In terms of social trends, we identify the changing nature of careers as a key factor impacting on managing human resources on a global scale. Finally, at the organisational level, we explore the changing nature of international assignments in the global firm. All of the aforementioned changes are likely to have a profound impact on the role of the international HR professional and thus merit consideration.

**Changing nature of global economic landscape: India, China, CEE**

The first key contemporary trend which we identify as significant for IHRM at the beginning of the twenty-first century is the changing landscape of international business. This can be explained in part by the changing contours of foreign direct investment (FDI) location in the global economy. While traditionally FDI flows have been concentrated in developed countries, recent years have heralded a shift in FDI location towards new destinations such as the EU accession countries, particularly those in Central and Eastern European, while countries such India and China have also become ‘hot spots’ for inward FDI (UNCTAD 2004; see also Dicken, 2007). For example, China recorded record inflows of US$79 billion in 2005 making it the main recipient of FDI in developing markets (Economic Intelligence Unit, 2006: 6). However, the most important single global shift of recent times has been the emergence of East Asia as a dynamic growth region, reflecting the spectacular recent growth rates achieved by the East Asian newly industrialising economies, as well as the rapid growth of the Chinese economy (Dicken, 2007).

The implications of the rapid growth of these emerging economics for IHRM research are significant in various ways and their impact on the landscape of global business far exceeds their potential as locations for outsourced low-value aspects of MNC activities. They also present unique challenges for western MNCs, in addition to those faced through operating in culturally and institutionally proximate contexts (Morley and Collings, 2004). The distance between countries varies, not only spatially but also by culture. For example, it has been argued that the execution of cross-border knowledge transmission between companies located in dissimilar cultural contexts is more difficult than between companies in similar countries (Li and Scullion, 2006).
China is clearly an example of a ‘distant’ country from a western perspective (Tung and Worm, 2001).

Another research stream focuses on the institutional dimension of distance and examines its effect on MNC’s strategic choice (Peng, 2002). A major challenge facing MNCs in emerging markets is the difficulty in recruiting and retaining managerial talent with the requisite skills to operate in these environments and further to persuade qualified candidates to transfer to these locations (Bjorkman and Xiucheng, 2003; Collings and Scullion, 2006). This is compounded by the fact that countries, such as India and China, face shortages of suitably qualified and skilled employees for MNCs and local enterprises alike (Budhwar, 2004; Gupta and Wang, 2007). Schuler and Tarique (2007) note the importance of employer branding and becoming an employer of global choice for MNCs in ensuring a supply of appropriate talent in these countries (see also Sparrow, 2007). Likewise, with a few notable exceptions, we have limited insights on the effectiveness of western HRM practices in developing countries. IHRM professionals would benefit from an understanding of the extent to which these locations can accommodate a range of specific HRM practices (Gamble, 2001; Schuler and Tarique, 2007). A relevant example is Li and Scullion’s (2006) study on MNCs’ execution of knowledge management initiatives in China. Similarly Tung and Worm’s (2001) work has explored the importance of human resources to MNCs in penetrating the Chinese market.

As Meyer (2006) notes, a further theme is the key role of MNCs in transmitting capital, knowledge, ideas and value systems across borders and consequently linking developed and developing economies in the global landscape. This impact is however under-explored and research in relation to IHRM practice would be useful here. Exploring the impact of MNC’s economic footprint on the communities in which they operate has become a key concern of the International Labor Organisation (Schuler and Traique, 2007) and, given the potential implications of negative publicity for the MNC, monitoring this economic footprint may represent a key challenge for international HR professionals. Further, study on the IHRM strategy, policy and practices of MNCs headquartered in these countries would contribute to the diversity of research in the field. This would help to illuminate some of the HR challenges
faced by MNCs from less developed countries, particularly those operating in
developed countries.

**Increasing Global Terrorism**

A second key theme which has the potential to impact on IHRM is the increasing
effect of global terrorism. While this is most clearly evident in high profile events
such as the 9/11 attacks in New York and the 7/7 London bombings, there are a
number of other trends in terrorism globally which have the potential to impact on the
role and functions of the IHR profession. These include recent events in oil rich
Nigeria where high profile companies such as *Royal Dutch Shell*, Italy’s *Agip* and
France’s *Total* have been targeted by militant groups. Specifically, *Royal Dutch Shell*
was targeted when a car bomb was placed in one of their compounds and one of
*Total’s* oil facilities was stormed by armed militants resulting in the death of three
police officers. These events have resulted in *Shell* evacuating the some 400
dependants of expatriate employees stationed in Nigeria (Guardian, 2006). Not only do
such events have an impact on the immediate work experience of expatriate
employees but they may also make the recruitment of future expatriate employees for
roles in these countries more difficult. They will also increasingly challenge
international HR professionals to adequately assess the risks associated with sojourns
in volatile countries for assignees and their families. It may also herald a re-
evaluation of options with regard to staffing arrangements in these countries and the
exploration of alternatives to the traditional parent country national expatriate (a topic
to which we return below). The employment of locals in key positions in these high
profile operations may emerge as a viable alternative.

On a wider scale the impact of events such as 9/11 are likely to impact significantly
on the IHR profession. Most notably Konopaske and Werner (2005) argue, without
empirical support, that US managers may be more reluctant to accept international
assignments in the wake of the 9/11 terrorist attacks. Likewise it is possible that
nationals from other countries may be reluctant to accept assignments in the UK and
the US- countries which are most visibly associated with the ‘war on terror’ and, as
illustrated by the 9/11 and 7/7 attacks, vulnerable to terrorist attacks. Linked to these
developments, the landscape of international travel has changed considerably in
recent years. A SHRM survey in the US immediately following the 9/11 attacks found
that over 75 per cent of firms there allowed employees to cancel or curtail business trips, 45 per cent of firms cancelled events or meetings, while 56 per cent tightened internal security measures, including increased vetting of employees (SHRM, 2001). We know less however about the long-term effects of these attacks on IHRM policy and practice. However, some practitioner research in the US suggests that the long-term effects were minimal with the exception of attitudes towards travel and security (see Ryan et al, 2003; Korndrasuk, 2004).

The 2006 terrorist threat in UK airports represented a further high profile recent example of the impact of global terrorism on international business. The cumulative effect of these events means that international travel is now a more a stressful experience as a result of increased security restrictions and stricter hand baggage restrictions which mean that business travellers routinely have to check luggage in and hence face further delays at the baggage belt. However, Collings et al (2007) note that despite continued uncertainties and anxieties prevailing in the current international climate, MNCs must, more than ever before, encourage staff to work abroad to better understand the global markets and to develop the skills required to work effectively across cultures. Thus IHRM professionals must come up with innovative ways to staff strategic international positions, to encourage key staff to accept vital international assignments and to facilitate international business travel (for a summary of the key HR issues see Collings et al., 2007).

Changing Careers:

A number of recent contributions to the IHRM field have noted the significance of the changing nature of careers for MNCs (see Collings et al., 2007; Dickmann and Harris, 2005; Stahl et al., 2002; Thomas et al., 2005). Key in this regard is the impact of changing attitudes towards careers and their influence on the willingness of candidates to accept international assignments, the conditions under which assignments are accepted and retention after assignment (see Collings et al., 2007 for a discussion). This observation is based on two important factors. Firstly, in general terms, we are witnessing a shift in how employees view their careers with increasing emphasis placed on career mobility and decreasing commitment to specific organisations (DeFillippi & Arthur, 1996). Secondly, there is an emerging interest in
self-initiated international assignments or assignments initiated by individuals without organisational support (cf. Inkson et al., 1997; Suutari and Brewster, 2000). Both of these trends are likely to impact significantly on IHRM policy and practice in the global firm and are likely to continue to represent key challenges for IHRM professionals in the future.

In considering the former factor, there is a growing body of research which identifies a disjuncture between international assignees’ perception of the value of international assignments from a career perspective and the perceived value from the organisational point of view. Specifically, it is becoming increasingly apparent that individual assignees perceive the main value of the assignment as developing individual competence which can be transferred across organizations and which is valued in the external labor market (DeFillippi & Arthur, 1996; Stahl and Chua, 2006; Stahl, Miller, & Tung, 2002). As Dickmann and Harris (2005: 400) note: “the link between an IA [international assignment] and the organization’s benefits in career capital augmentation is…tenuous”, which further reflects the fact that international assignments may be more beneficial from an individual career perspective and in building individual social capital than in building organizational capital. This is perhaps reflected in the fact that a significant percentage (estimates suggest 20 per cent in first year and a further 20 per cent in the second) of employees leave their organizations within two years of their repatriation to the home country (see Lenihan, 2006 for a summary). Such turnover has obvious implications for both the development of managerial competence in the MNC and global leadership development.

Secondly, we point to the emergence of self-initiated international assignments as illustrative of the changing nature of careers in a global context (Thomas et al, 2005). By this we are referring to those whose international experience is not initiated by an international transfer within an organization but rather those who relocate abroad without organizational assistance and of their own accord (Inkson et al., 1997). Suutari and Brewster (2000) label these experiences self-initiated foreign work experience (SFE). The key implication of the increasing number of SFEs who are joining the global labour market is that MNCs can make use of these employees to fill key positions in subsidiary operations at a lower cost than expatriates. However, there
is a dearth of empirical research both on the individual issues faced by SFEs and indeed issues around their re-entry to the home labour market and on the HR issues facing organizations who seek to employ them.

### Changing patterns of global staffing

The final contemporary theme which we explore in considering the changing landscape of IHRM relates to emerging debates on the continued utility of the traditional expatriate assignment in the face of a number of issues around increasing demand for international assignees and a falling supply of qualified candidates (Collings et al., 2007; Scullion and Collings, 2006). In relation to falling supply, Collings et al. (2007) point to four key trends—dual career issues, whereby potential international assignees are no longer necessarily males, who are the sole bread winners with spouses who are willing and able to relocate to support their husband’s careers; the limited participation of women in international assignments, which means that potential female assignees often fail to apply, or are overlooked, for international assignments despite their potential; issues around repatriation, which mean that potential assignees are likely to resist assignments due to concerns over their reintegration into the home organisation on return; and weaknesses of talent management at an international level, which constrain organisational efforts to identify and deploy high potential international assignees.

The increasing demand for international assignees reflects the growth of emerging markets in countries such as those in Eastern Europe, India and China. This results in growing demand for expatriate employees who possess both the desire and the specific competences needed to manage in these markets. Further, there is increasing demand for expatriate employees in a far wider range of organizations than the traditional large MNC, partly due to the rapid growth of small and medium enterprise (SME) internationalization and international joint ventures (IJVs) (Scullion and Brewster, 2001).

Organisations are currently re-evaluating their policies in relation to staffing international organisations due to a number of factors including those discussed above. Further influences include the high costs associated with traditional
international assignments, combined with continued concerns over expatriate adjustment and failure and the difficulty of managing the performance of such assignees. As a result of these factors we are witnessing the emergence of a portfolio of international assignments including short-term assignments, international business travellers, rotational assignments and international commuter assignments, and virtual assignments (Collings et al., 2007; Fenwick, 2005; Hertel et al, 2005; Tahvanainen et al., 2005; Welch and Worm, 2006). The emergence of these alternative, more flexible, forms of global staffing and issues around their management and administration are likely to represent a key challenge for IHRM professionals and academics in the twenty-first century.

As should be clear from the proceeding discussion, we agree with Lazarova’s (2006) assessment of the field of IHRM as being vibrant and diverse, and we predict a very sanguine future for IHRM research in the early decades of the twenty-first century. In contributing to this field, we feel the five papers in this special issue represent important contributions and we now summarily review them.

CONTENT OF THE SPECIAL ISSUE:

Our first paper by Ingmar Björkman and Jon Lervik address a key issue in the IHRM literature, namely the transfer of HRM policies and practices in MNCs. Their contribution is grounded in recent debates around why there are differences between MNC subsidiaries in the extent to which they adopt HRM practices that MNC headquarters attempt to diffuse world-wide. The paper draws on related research on social capital, knowledge transfer and change management and develops a model of factors influencing the transfer of HRM practices to MNCs units abroad. A main contribution of the paper is to develop a more comprehensive and holistic understanding of the outcome of HRM practice transfer as encompassing three dimensions: implementation, internalisation and integration. This is significant as previous research has mainly focuses on implementation in terms of surface adoption of particular practices or comparisons of the extent to which local practices are similar to HQ practices.

A second contribution of the paper is the development of current explanations of the process of transfer of HR practices to foreign units. Previous research on this question
has paid much attention to cultural and institutional differences. While the paper recognises the importance of these factors, it is argued that the transfer of HRM practices is a social process where organization-internal factors deserve more attention. It is suggested that the governance mechanisms used by the MNC, characteristics of subsidiary HRM systems, the social relationship between the subsidiary and MNC headquarters, and the transfer approach adopted by HQ management will all influence the outcome of the process. Finally, the paper highlights a fruitful agenda for future research regarding the transfer of HRM practices in MNCs through an approach integrating social capital, knowledge transfer and change management.

Our second paper by Sully Taylor highlights the critical role played by social capital in the successful implementation of global strategy for MNCs, and in particular adds to our knowledge of the ways in which the international human resource management system influences the creation and utilization of social capital in MNCs. The paper provides a framework which is useful both for researchers and practitioners on how to approach the cultural influences on the definitions and behavioural expressions of social capital, and draws on this analysis to critically assess the recommendations that have been made regarding developing social capital in MNCs. In addition the paper examines what competencies are most critical in managers with the ability to develop social capital in multiple cultural settings.

The paper argues that while the development of social capital in MNCs is seen as a key task of IHRM, less attention has been paid to the diverse ways in which social capital is perceived and operationalised in different cultures. Recognising that previous research has not attended to the question of how developing social capital differs across cultures, Taylor seeks to address this research gap by creating a theoretical framework to help understand how the IHRM function can help build social capital in the complex global network economy. Finally, the paper recognises the growing importance of IHRM to the effective implementation of MNC strategy and the challenge of how to effectively manage the cultural and institutional diversity facing the MNC.

Our next contribution by Elaine Farndale and Japp Paauwe revisits some of the themes explored in the first contribution. However Farndale and Paauwe focus on the
drivers behind the similarities and differences in IHRM practice. Specifically, the study seeks to examine the influence of both competitive and institutional drivers on the adoption of HRM practices in MNCs using Paauwe’s (2004) contextually based HR theory as a theoretical framework.

Based on a world-wide sample of 14 high profile and high performing MNCs the study explored the ways in which different firms react to both institutional and competitive pressures in deciding their approach to HRM. The study found that at the global level, similarities are largely driven by external competitive factors (such as the adoption of universal “best” practices and benchmarking), and the availability of ICT systems and tools. The paper suggests that similarities in approach at the national level largely come from external institutional sources (e.g. legislation, national culture and local expectations).

In contrast, differences in approach between MNCs at both global and national level are mainly influenced by internal competitive processes (e.g. corporate strategy and corporate culture). The authors conclude, external institutional and competitive drivers are likely to lead to isomorphism, while internal drivers are more likely to lead to differentiation. Finally, the study suggested that MNCs face all three drivers of HRM at the same time, leading to different patterns of practice adoption, adaptation and innovation.

Our fourth paper by Majid Ghorbani and Rosalie Tung considers the role of women in the labour market in a major Islamic country (Iran). This paper is significant as while there has been a considerable growth in research about women in the labour market and women in management in the western world, very little is known about the position and role of women in the labour market in Islamic countries. The general perception in the west is that in Islamic societies women’s participation in the labour market is marginal and that their career prospects are limited.

Starting from this base, the authors highlights some of the myths and realities relating to women in the labour market in a major Islamic country, through qualitative research with Iranian women. The research shows that attitudes towards women in the workplace have undergone considerable changes and are still evolving. Currently, women in Iran can work in most occupations of choice and appear to be fairly well
represented in the workplace in managerial and professional positions compared to other Islamic nations. This reality appears to run contrary to the popular perception that women in these countries are fully veiled and prevented from active participation in society.

Due to talent shortages women in Iran have been induced to return to the workforce, and in order to do this some of the benefits and status they enjoyed in the pre-revolutionary era had to be restored highlighting the importance of human capital development in Islamic as well as western countries. A key implication of the study for IHRM relates to Iran’s success in attracting foreign direct investment from a wide variety of countries and the recognition that as part of the government’s efforts to attract foreign investment, the climate for foreign women working there is becoming more favourable. Also, more generally, the paper highlights the importance for western MNCs operating in Islamic countries to have an accurate understanding of the role of women in the workplace and also a good understanding of society’s attitude toward women in these countries.

Our final paper by Paula Caliguri and S* Colakoglu engages with expatriate assignment management, a topic which remains central to the IHRM literature despite a significant degree of study. However, while many models have examined the contingencies between the stage of a firm’s internationalisation and corresponding expatriate management practices, few empirical studies have examined the contingencies between international management strategy of the MNCs and their expatriation policies. This exploratory paper seeks to begin to bridge this gap by examining the congruence between MNCs’ strategies, categories of expatriate assignments used and expatriate management practices (selection, performance management and repatriation).

The authors’ exploratory study looks at how expatriate management practices differ with respect to local, centralised or global international strategies. A particular focus of the study, which draws on evidence from 27 MNCs, is the categories of expatriate assignments, the strategic integration of expatriate assignments into leadership development, and the types of human resource practices firms use to manage expatriates.
The results of the study increase our understanding of expatriate assignments as they relate to MNC international strategy. The empirical findings indicate that organizations differentially assign expatriates based on the firm’s respective international management strategy partially supports the contingency approach. Firms adopting a global management strategy which made more use of developmental assignments and had a stronger focus on leadership development through expatriation. Also, such firms tended to have a greater number of senior managers with expatriate experience.

Finally, the authors argue that despite the previous theoretical arguments proposing that management strategies and expatriate strategies should be aligned, their study found no evidence for such an alignment among the firms participating in the study and points to the need for both theoretical refinement and further empirical research in order to more fully understand the nature of alignment in the international HRM context.
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