

# Internationalization of human resource management essay sample

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## Abstract

As we enter the new millennium, we are witnessing the rapid appreciation for and development of all aspects of global and international activities and issues associated with and affected by human resource management. In order to understand the internationalization of human resource management, this paper reviews three recently published works by Poole (1999), Schuler and Jackson (1999) and Storey (2000) to map out past research and emerging areas within this field of study. D 2000 Elsevier Science Inc. All rights reserved.

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## 1. Introduction

As we enter the new millennium, more and more companies are recognizing the importance of managing their human resources as effectively as possible. They are also recognizing that doing so, however, cannot be done without recognition and incorporation of the global context. It is virtually impossible to read a business periodical or newspaper anywhere in the world without seeing stories detailing the success of a company due to how effectively it manages its people. As the environment becomes more global, managing people also becomes more challenging, more unpredictable and uncertain and more subject to rapid change and surprise. Thus what we are witnessing within human resource management (HRM) is the rapid appreciation for and development of all aspects of global and international activities and issues associated with and affected by HRM. And because the

importance of managing people effectively in the global context is so great, many companies are devoting a great deal more time, attention, skill, and effort into doing it well.

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Together, academics and practitioners are doing more work than ever on understanding and advancing our knowledge of issues in and activities associated with managing human resources within a global context. At the same time, they are also relating the basics of HRM with the context of the company.

Within the global context, two of the areas of managing human resources have evolved: comparative HRM and international HRM. Within the context of the company, the area of strategic HRM (SHRM) has evolved. In essence, what we have today are four general areas of study regarding managing human resources: (1) comparative HRM, (2) international HRM, (3) SHRM, and (4) HRM. Over the past 25 years these areas have gained increased academic and professional interest. Literally thousands of articles have been written on them and have appeared in journals such as Journal of International Management, International Journal of Human Resource Management, Harvard Business Review, Organizational Dynamics, Human

Resource Management Journal, Human Relations, Journal of International Business, Academy of Management Review, Academy of Management Journal, European Management Journal, Annual Review of Psychology, and Journal of World Business.

In the interest of organizing, categorizing, prioritizing, interpreting, and critiquing these thousands of articles, three edited works appeared in 1999 and 2000. The first is a three-volume set by Michael Poole (1999) entitled Human resource management: critical perspectives on business and management. The second is by Randall S. Schuler and Susan E. Jackson (1999) entitled

Strategic human resource management: a reader. The third is by John Storey (2000b) entitled Human resource management: a critical text (2nd edn.).

The intent of this book review is to describe the contents of these three edited works in relationship to the four areas of study and suggest where the reader can go to find the most thorough description of the areas of most interest. This is done by first briefly describing the four areas. Then the three edited works are reviewed and described in relationship to these areas.

## 2. Human resource management

HRM is the basis for comparative HRM, international HRM, and SHRM and, consequently, is the largest here, and thus, is reviewed first. HRM is a vital function in organizations. It engages everyone and it take time. Managing human resources effectively requires that the special expertise of HR professionals in the HR department be used by, and in partnership with, line

managers and other employees. It involves attending to the concerns of the moment while keeping a longer-term perspective in mind. It also involves continuously improving and changing activities that take time to put in place and produce results. Consequently, HRM includes (a) the people managing activities, policies, and practices that firms can use to compete effectively now, and (b) the many changing forces (e. g., new competitors, new technology, business restructuring, legal, and social concerns) that organizations need to understand and respond to in order to ensure they are positioned to compete effectively over the longer term.

As has been argued (Poole, 1990), the theoretical base of HRM combines both multidisciplinary and interdisciplinary elements. A central aspect of HRM is the link with the organization. After all, the competitiveness of companies and nations has been increasingly recognized to stem from the caliber of their people. The significant advantages of companies having workforces that are fully developed, highly motivated, and rewarded for creativity and innovation is widely understood. But because “ the human resource” is so central to the success of companies, strategies need to be formulated in ways in which the human assets of the firm are a central feature. And this is theoretically consequential because: (1) there is not necessarily one best human resource practice or set of practices (rather, these are linked with distinctive organizational strategies, structures, and processes) and (2) human resource issues are in the domain of all managers (particularly on line and general management) and are not the preserve of the professionally trained personnel specialist.

HRM involves “ all management decisions and actions that affect the nature of the relationship between the organization and employees” (Beer et al., 1984, p. 1). And it encompasses the “ development of all aspects of an organizational context” so that they will encourage and even direct managerial behavior with regard to people (Beer et al., 1984, p. 4). HRM is organizational in its compass, it involves all managerial personnel, it regards people as the most important single asset of the organization and it seeks to enhance company performance, employee needs and societal well-being. It comprises a broad area of focus and carries with it the ideal of increasing the sum of human satisfaction at a variety of levels. Moreover, other than the links with strategic management from a disciplinary standpoint, it synthesizes elements from international business, organizational behavior, personnel management and industrial relations. Moreover, its diverse parent disciplines include various relevant themes from occupational psychology, labor economics and industrial sociology.

## 2. 1. The early years: personnel management

As with many disciplines, the study of managing people has changed rather dramatically during this century. Beginning with the works of Frederick Taylor around the turn of the century, the focus of managing people in organizations was on developing precise analytical schemes to select and reward an individual. This focus was typically for the purpose of motivating, controlling, and improving the productivity of entry-level employees. During the 1920s, work on these analytical schemes expanded to encompass issues of appraising and training individuals, essentially for the same purpose.

While the focus during the first quarter century was on the individual employee, the second quarter was to see it shift to the group. Elton Mayo's work at the Hawthorne plant focused on improving the productivity of individuals by experimenting with groups. His efforts included changing the group composition and incentive schemes. They also included changing environmental conditions, namely lighting and the physical arrangements. Knowledge of groups and the impact of group on individuals advanced with the work of Kurt Lewin and Muzafer Sherif and Carolyn Sherif during the 1930s and into the 1940s. Yet with few notable exceptions, such as the work of Chester Barnard on CEOs, this work was focused primarily on the people doing the work.

During the 1950s and 1960s much of the work concerned with managing individuals in organizations highlighted individual needs and motivation. Advances were being made in selection and development: the Second World War work with assessment centers expanded to the private sector by the notable work conducted by Douglas Bray and his colleagues at AT&T and the development of tests for selection and placement continued. Work in performance appraisal and training progressed. Yet, again, most of the work focused, explicitly or implicitly, on improving the performance of the individuals doing the work in the organization. At this time, however, the more applied work in these areas related to managing and motivating individuals became the domain of those identifying primarily with personnel psychology and industrial and organizational psychology. The more

theoretical work came under the new domain of organizational behaviorists.

## 2. 2. Enter human resource management

During the 1970s, another discipline evolved under the name of HRM.

Encompassing the methodological tradition of the personnel and industrial and organizational psychologists and the theoretical frameworks of the

organizational behaviorists, HRM took on a broader focus than earlier work.

This focus included concerns for the safety and health of the worker as well

as individual satisfaction and performance. Industrial relations and planning

for personnel needs also came within the domain of HRM. Yet throughout the

work on all the HRM topics, the primary focus of attention remained on the

entry-level employee. In the late 1970s and 1980s, the discipline of

organizational strategy started to make an impact upon HRM. Environmental

forces, namely more intense international and domestic competition for

companies, also began to make an impact.

This dual blow reflected the continued theoretical and applied sides of HRM.

The result of this within HRM was recognition that a substantial number of

organizational characteristics not generally addressed actually had/have

substantial impact upon managing human resources. Thus, organizational

characteristics such as structure, strategy, size, culture, and product and

organizational life cycle began to be incorporated into the work under the

HRM label. Today, forces of global competition, worldwide labor availability,

business ethics, and the environment are winning the attention of HRM. Of

course, this does not mean that the issues of the 1970s and 1980s can be



forgotten. To the contrary, these are all carried forward, making the job of HRM challenging, rewarding, and exciting.

Collectively, all these events, until the late 1970s and early 1980s, described the discipline and study of “ personnel management.” Then the discipline and study began to change (some say that practice was actually leading theory here) and gradually assume the label of “ personnel and HRM” or just “ HRM.” Was the change in terminology a reflection of real change? Without a doubt much of the activity in SHRM and strategic international HRM (SIHRM), described later, addressed new areas of activities. The questions are then: did this change in labels really change the thrust and focus of the core personnel activities, namely staffing, appraisal and evaluation, compensation, training, safety, and industrial relations? And if so, how?

Providing affirmative answers to both these questions is the insightful characterization offered by Storey (1992). Storey offered 27 points of difference between personnel/industrial relations and HRM. In turn, these 27 points were grouped into three categories: beliefs and assumptions, strategic aspects, and key levers. Reducing Storey’s characterization, Fig. 1 offers a scheme differentiates personnel and HRM.

### 2. 2. 1. Personnel vs. human resource management

While exceptions can certainly be found, HRM has moved from a domestic focus to a more multinational and global focus. There is more concern now for the environment, including ecological issues, and for healthcare and illiteracy. Organizationally, HRM has gone from being concerned only with

the operational issues of personnel to include the more strategic, business level concerns of the organization itself. Human resource departments might also be concerned about the operations of key suppliers and customers. Managerially, human resource professionals are working more closely with the line managers, to some extent a customer of the human resource department. As the human resource profession has become more involved in the global, external, and strategic issues of the organization, so has its critical goals changed.

Whereas the goals in “ personnel management” were attracting, retaining, and motivating workers, the goals of “ HRM” are concerned with the bottom line: competitiveness, profitability, survival, competitive advantage, and workforce flexibility. While the goals of attracting, retaining, and motivating are still important, they are critical primarily as a means by which to reach, and improve the bottom-line goals. This is a move away from a functional orientation where the concern was with developing human resource products and services rather than understanding the human resource implications of the business and the managers. Concurrently, human resource professionals have become more generalists. This trend is articulated at the individual level (each human resource professional becoming multi-skilled) and at the departmental level (teams of different specialists work together to serve the customer). In relation to the employees, the human resource department and the professionals have moved from a philosophical orientation of conflict and differentiation to one of harmony and egalitarianism. In the area of human resource practices, whereas personnel management is associated

with practices that are narrowly targeted and individually focused, HRM is associated with practices that are more broadly conceived and team-focused.

This rather brief history is meant to provide the reader with a supplemental perspective to that developed by Storey (1992) in describing the general differences between personnel management and HRM. While the characterizations in Fig. 1 provide relatively clear differences, in practice it is not surprising to find something less than these pure types. Accordingly, these characterizations are presented in Fig. 1 not as either/or choices but rather end points on several continua. In fact, this has also reflected the evolution of the discipline with academia. Articles and books evolved from being titled “ personnel/industrial relations management” to “ personnel and HRM” to “ HRM.” It is suggested here that this evolution represented movement along the continua presented in Fig. 1. 2. 3. Debates today

As this evolution and transformation of the field of studying and managing human resources have taken place, debates in the field have also evolved (Poole, 1999). The worthy debates are many, but the ones offered here reflect the six topics given in Fig. 1. While there may be differences in the debates depending on which side of the Atlantic one stands, these differences are perhaps more of degree than kind (Sparrow and Hiltrop, 1994; Brewster, 2000). In terms of the environmental topic, debate revolves around the extent to which the human resource community should be involved in greater social problems outside the organization. Perhaps the best contribution HRM can make to the community is to make its own

organization as effective and efficient as possible. Others say, of course, that it is impossible not to be concerned about the impact of the organization upon the environment and its dependence for supplies, such as skilled individuals.

Some would also debate the appropriateness and the ability of HRM to become more organizationally linked. There are many problems such as healthcare and literacy that are critical to the organization and rightly fall to the human resource department. Responsibility for these areas, some would suggest, is right and appropriate for HRM. Expanding beyond this operational domain of personnel is thus unnecessary. Furthermore, as human resource practitioners are not trained to be knowledgeable in the business, they lack the ability to link their activities to the organization.

Continuing with the same line of reasoning then, the human resource manager probably best serves the line manager by acting as the behind-the-scenes supplier of materials and lines rather than as in equal partnership on center stage.

If the HR profession is really one requiring training and the possession of a technical body of knowledge, is the HR professional likely to be more effective if focused on a limited number of topics or practices? Can the compensation specialist really be expected to develop valid selection tests? Within academia a similar debate is heard: should business schools be left to teach only the general, more strategically focused HRM, thereby leaving the

psychology departments or schools of HRM and industrial relations to teach the traditional personnel management specialities?

Is the harmony model possible between workers and managers? Are these two groups really of the same cloth? Will there always be conflict between the owners and their representatives and the workers? Is the human resource professional, perhaps by playing the role of partner, subverting the true interests of the workers? Of course, the defending position here says that the partnership role for HRM implies not carrying out what is in the interests of the managers, but rather what is in the best interests of the business. Is it reasonable to assume that the manager acts in the interests of the business better than others, including the human resource manager? Here it can be argued that the expression of partnership means the human resource manager working with managers and the workers and their representatives in the best interests of the business and the best interests of the community. In countries described as being individualistic by Hofstede (1980), is it appropriate, indeed ethical, to impose team-focused human resource practices on the workers? Regardless of whether workers are working effectively in teams to improve quality today, will they be able to continue this type of activity?

In the short run workers can adapt, but is this in their best interests in the long term? Similarly, is it fair for superior workers to accept an average wage for the group's productivity? Or, is it fair and reasonable to ask workers to evaluate each other (indeed, is this consistent with the model of harmony?) or to make decisions about employing and dismissing? In this process is the

organization asking the workers to represent themselves rather than asking a formal union organization to represent them? The debate can continue by focusing on the real role of teams and harmony.

Is it really to improve efficiency and the lot of the workers, or is it to remove the force of the union from the workplace? As human resource practices move from being more narrowly developed to more broadly developed, are organizations making themselves more attractive and unions less attractive to the workers? Are workers more empowered and involved less likely to seek power through third-party representation? And even if workers do respond favorably and this serves the organization well in doing battle with global competition, who guarantees that these conditions will last? In summary, the discipline of managing human in organizations has transformed itself tremendously throughout the 20th century. Today what organizations and the human resource/personnel professional have is a range of alternatives for managing human resources. Similarly, academics have an equally vast set of topics to address. These topics and how they are being addressed are covered in a number of the articles contained in the books reviewed here.

#### 2. 4. Multiple stakeholder perspective

Today organizations are faced with increased social pressure to behave in a socially responsible manner. In part this pressure comes from society at large, in its role as one of several stakeholders of the organization. But society is just one of several stakeholders for organizations, and

consequently, for HRM (Jackson and Schuler, 2000). 2. 4. 1. Elements of the stakeholder model

The organization as a whole can be viewed as a stakeholder of HRM. The organization's objectives of improving productivity, improving profitability, and surviving in general all impact HRM. The employees are one of the most important stakeholders in the organization, even in those organizations not owned by the employees. The emphasis placed on the role of the employees within the organization has increased, particularly in light of the adoption of strategies of total quality management and customer-focused management.

The emphasis on customer service and strategic partnering with customers has become more prominent, in part as a result of the just-in-time manufacturing initiatives and total quality management. Investors are viewed as one of the most important stakeholders because without their capital, the business could not continue. The time orientation of the investors is a driving force for the corporation as well. To the extent that investors are focused solely on the shortterm profits of the corporation, the good of the corporation can be jeopardized. The role of strategic business partner is a relatively new one for the HR department. However, as the focus of the department has shifted to include both long-and short-term goals, and to act as an internal supplier of skills to the organization, the role of strategic business partner has emerged.

Society, in general, is viewed as being a stakeholder as well. Societal needs are made manifest in several different arenas: the legal framework under

which the organization operates, the social mores of the areas in which the organization operates, and the constraints imposed by the natural environment.

## 2. 5. Theoretical frameworks for human resource management

The area of HRM today is being supported, developed, and understood using a variety of theoretical frameworks (Jackson and Schuler, 1995).

### 2. 5. 1. Resource dependence theory

Resource dependence theory stems from the relationship between an organization and its constituencies. This theory emphasizes the need for resources as being primary in the determination of policies and procedures. Organizations are viewed as being able to succeed by gaining and retaining control over scarce valuable resources, such as human resources.

### 2. 5. 2. Competitive advantage theory

Competitive advantage theory dictates that a competitive advantage exists if the resource is rare, inimitable, non-substitutable and valuable.

Competitive advantage can be sustained through continued training, support of organizational culture, selection processes and other traditional human resource practices.

### 2. 5. 3. Institutional theory

Institutionalism suggests that organizations operate in a manner consistent with the rationalized myths that will garner them legitimacy in their external environment. This external environment is made up of a broad variety of



stakeholders. This adherence to rationalized myths in an attempt to retain legitimacy results in both survival and constraints on organizational actions.

#### 2. 5. 4. Agency theory

Agency theory is perhaps one of the most related theories to human resource practices. From the legal perspective, an agency relationship exists between an employer and an employee. Agency theory posits that this relationship may be subject to difficulties to the extent that the employer and the employee (in legalese, the principal and the agent, respectively) have differing goals, and when monitoring the employee's actions is difficult for the employer.

#### 2. 5. 5. General systems theory

General systems theory views systems as made up of complex, independent parts. Inputs to this open system come from the environment, are transformed during processing through the system, and are returned to the environment. Using an open systems model, HRM is studied as a subsystem within the larger system of the organization.

#### 2. 5. 6. Human capital theory

Human capital theory appears largely in the economics literature in reference to people's productive capacities. The crux of this theory is that people are of value to the organization because they make it productive. In essence, the organization has invested in people just as if they had invested in machinery, viewing them as an additional type of capital.

#### 2. 5. 7. Life cycle theory

Life cycle theory notes that there are several stages of the life of an organization. These stages have been described as start-up, growth,

maturity, decline, and revival. As an organization moves through these stages, researchers have suggested that HRM practices that fit with the life cycle stage of the organization will result in organizational effectiveness. 2.

#### 5. 8. Role behavior theory

Role behavior focuses on the interdependent role behaviors as building blocks for the organizational system. According to Katz and Kahn (1978), role behaviors are defined as “ the recurring actions of an individual, appropriately interrelated with the repetitive activities of others so as to yield a predictable outcome.” The primary means by which the organization sends role information through the organization, supports desired behaviors, and evaluates role performances is HRM.

#### 2. 5. 9. Organizational change theory

Organizational change theory focuses on the difference in form, quality or state over time in an organizational entity. Organizational change theory adds two pieces to the understanding of HRM. First, in management of organizational change, organizations need to ensure congruence between the stated goals and stated changes and the enacted changes.

#### 2. 5. 10. Transactions cost theory

Transactions cost theory takes an economic viewpoint of the creation of governance structures that establish, monitor, evaluate, and enforce exchanges previously agreed upon. Central to this theory are two assumptions: bounded rationality and opportunism. Opportunism assumes that if any potential for advantage exists, it will be taken. On the part of

employees, the potential for opportunism exists when the employee is specially trained or possesses specialized knowledge or skills that have a market value to other organizations. Bounded rationality dictates that there are a limited number of options that can be assessed by any given organization prior to making a decision. Human resource activities seek to take advantage of bounded rationality while attempting to prevent the exercise of opportunism through the execution of contracts, the creation of monitoring and compliance assurance systems and through the revision of the contracts when necessary. 2. 5. 11. Strategic contingency theory

Strategic contingency theory recognizes that there are several strategic typologies. The choice made by an organization of which strategy to pursue requires systematic management of human resources in order to ensure appropriate and successful implementation. Strategic contingency theory posits that the choice between various typologies is dependent upon the environment within which the organization operates.

#### 2. 5. 12. Organizational learning theory

According to organizational learning theory perspective, prior learning facilitates the learning and application on new, related knowledge. This idea can be extended to include the case in which the knowledge in question is itself a set of learning skills constituting a firm's absorptive capacity.

#### 2. 5. 13. Information processing perspective

This perspective is based on the premise that organizations are created to facilitate the flow of information for effective individual and organizational

decision-making. The focus is on the capacity and facilitation characteristics of organizational structure and practices such as human resource ones that support, encourage, and reward transfer of information within the organization, across its boundaries to IJV partners and the IJV itself, and that enables the organization to acquire knowledge to transform the data and information. All these theories are being used today to help develop the area of HRM. Many are also being used to help develop and understand international HRM.

### 3. Comparative human resource management

As international competition has intensified, practitioners and scholars have turned their attention to the question of what factors affect the ability of nations and their businesses to adapt more effectively to the economic and social change required to survive in this competitive environment. For example, a growing literature has emerged about the contribution of internal and external labor market flexibility to successful economic performance. And countries like Germany have moved to deregulate the labor market to enhance flexibility and employment. But the underlying theory that describes and explains how variations in comparative human resource management systems (HRMSs) operate to impact firm and, therefore, societal performance has been slow to develop, in large measure because of the methodological difficulties involved in carrying out the large-scale comparative research important to theory development (Begin, 1997).

Much of the scholarship related to understanding international HRM issues deals with the problems of multinational companies operating across

countries (Dowling et al., 1999). The alternate perspective of comparing the complete HRMSs of different countries has been explored more sparingly; indeed, much of the work that has been published primarily has focused on the collective bargaining functions of HRMs. In recent years, though, good comparative research on national HRMSs has begun to emerge (Brewster and Cranfield colleagues throughout, 1990). However, almost none of the work comprehensively and systematically has examined HR practices in relation to each other and to business strategy to determine how these practices contribute to competitive advantage. This is the essence of comparative HRM, thus HRM in this international context requires focus on the functions, policies, and practices of HRM in different countries.

Different countries have different national cultures that have different HRM implications. One of the challenges that faces organizations as they globalize their operations is the adaptation of their HR practices to the new set of cultures in which the organization is operating and the creation of a manner of operation that is both comfortable to the organization, and appropriate for those cultures. This market challenge is true for firms all over the globe. As organizations become more global and begin to do business in greater numbers of areas, the number and variety of cultures represented in their workforce also changes. As this number increases and as organizations attempt to treat each different culture with respect, practical issues can arise that may make doing business increasingly more difficult. For example, which religious and secular holidays need to be honored based on the cultures represented in the workforce? Similarly, questions may arise

regarding what the official language of the workplace will be and whether the speaking of other languages to coworkers will be accepted. Of course, many other aspects of individual motives vary also such as legal, political labor market, and economic conditions and these are critical for comparative HRM.

#### 4. Strategic human resource management

SHRM is largely about integration and adaptation (Schuler and Jackson, 1999). Its concern is to ensure that: (1) HRM is fully integrated with the organization as articulated through its strategy and the strategic needs of the firm; (2) human resource practices are consistent both across policy areas and across hierarchies; and (3) human resource practices are adjusted, accepted, and used by line managers and employees as part of their everyday work.

Together, these viewpoints suggest that SHRM has many different components, including activities, policies and practices. The various statements also imply what SHRM does: it links, it integrates, and it connects across levels in organizations.

Fig. 2. The strategic management process and its implications for human resource management (#S. E. Jackson and R. S. Schuler, 2000).

Implicitly or explicitly, its purpose is to more effectively utilize human resources vis-avis the strategic needs of the organization. The key components of SHRM are illustrated in Fig. 2.

Typically, organizations define (or redefine) their strategic business needs during times of turbulence. As such, these needs reflect management's overall plan for survival, growth, adaptability, and profitability. Internal characteristics (such as culture and the nature of the business) as well as external characteristics (such as the state of the economy and critical success factors in the industry) may well influence the definition of needs. The biggest factor affecting SHRM, however, is not a particular characteristic so much as it is experience with this mode of planning. Human resource managers who have never before been asked to meld human resource activities with strategic needs will find that the process takes time, persistence, and a detailed understanding of the needs that have been defined. In fact, linkages between human resource activities and business needs tend to be the exception even during non-turbulent times. When such linkages do occur, they are usually driven by the organization's efforts to formulate and implement a particular strategy (Thompson and Strickland, 1998).

To trigger specific actions, the business needs are generally translated into more actionable statements, which might be called "strategic business objectives." For other organizations, these might be called "business vision statements." By calling them strategic business objectives, firms believe that the statement conveys a more specific action element, starting with an influence on a variety of human resource activities (Schuler et al., 2000).

## 5. International human resource management

The world has become more competitive, dynamic, uncertain, and volatile

than ever before (Kanter, 1991; Dowling et al., 1999). To be successful, many firms have to compete on the global playing field because the costs associated with the development and marketing of new products are too great to be amortized only over one market, even a large one such as the USA or Europe (Bartlett and Ghoshal, 1991). Yet there are some products and services that demand accommodation to location customs, tastes, habits, and regulations. Thus, for many multinational enterprises (MNEs) the likelihood of operating in diverse environments has never been greater. While these scenarios suggest paths that MNEs have indeed taken to being internationally competitive, they are being superseded by the need both to manage globally, as if the world were one vast market, and simultaneously to manage locally, as if the world were a vast number of separate and loosely connected markets (Bartlett and Ghoshal, 1991). The trend is creating a great deal of challenge and opportunity in understanding and conceptualizing exactly how MNEs can compete effectively. Knowledge of conditions in a variety of countries and knowledge of how to manage both within and across them is the essence of international HRM. The complexities of operating in different countries and employing different national categories of workers is a key variable that differentiates domestic and international HRM, rather than any major differences between the HRM activities performed (Dowling et al., 1999). Further differentiating these two areas is the linking of HRM with strategic or organizational level issues of MNEs.



## 5. 1. Strategic international human resource management

SIHRM is defined as “ human resource management issues, functions, and policies and practices that result from the strategic activities of MNEs and that impact the international concerns and goals of those enterprises” (Schuler et al., 1993). While this definition is certainly consistent with the definition of HRM presented within a single country or domestic context (for examples, see Boam and Sparrow, 1992; Jackson and Schuler, 2000), it facilitates the inclusion of a significant number of factors discussed in the international literature, both in the areas of international management and business, and international HRM (Phatak, 1992; Dowling et al., 1999). These factors and their relationships are illustrated in Fig. 3.

With the concern for being global and the concern about the transfer of learning and being multidomestic and, therefore, simultaneously being sensitive to local conditions several strategic concerns relevant to international HRM arise. For example, can and how do MNEs link their globally dispersed units through human resource policies and practices? Can and how do MNEs facilitate a multidomestic response that is simultaneously consistent with the need for global coordination and the transfer of learning and innovation across units through human resource policies and practices?

Fig. 3. Factors in SIHRM.

## 6. Poole's three volumes: Human resource management: critical perspectives on business and management

Each of these four areas of managing human resources has been developed

at a rapid pace over the past two and a half decades. A great deal of writing has been done in each area by scholars worldwide. To help navigate through the essence of what has been written, and to help define/identify the key topics, issues, debates, theories, and directions, Michael Poole has edited a three-volume set of articles. According to Poole The aim of this three-volume collection is to set out many of the main landmarks contribution to the theoretical, conceptual and critical advance of the subject. The four main themes selected encompass: (1) origins, developments and critical analyses (Vol. 1), (2) comparative and international perspectives on human resource management focusing on theoretical and methodological concerns (Vol. II, Part 1), (3) strategic human resource management, strategy and competitiveness (Vol. II, Part 2), and (4) emergent issues for the new millennium (globalization and the multinational enterprise, international assignments and expatriation, managing diversity, competencies and knowledge, innovation and creativity, and morality and ethics) (Vol. III). The main contributions to all of these areas will be developed in this introductory section. But first it is necessary to say something (if only briefly) about human resource management itself.

Thus in his three volumes, Poole collects for the reader many of the essential writings in each area.

#### 6. 1. Vol. I: Organizing developments and critical analysis

As for each volume, Poole presents and extensive introduction of the articles selected. The introduction contains the rationale for the selection of each article along with a lengthy description of its contents. In so doing, he

critiques the significance, relevance, and particular contributions to the area. These introductions are invaluable contributions in and of themselves.

The area addressed by the 13 articles in Vol. I is “ HRM.” Included here are classic contributions that defined, shaped, guided, and even questioned the newly emerging area of HRM. Contributions included work from US-based authors such as Miles (1965, “ Human relations or human resources?”), Beer et al. (1984, “ A conceptual overview of HRM”), and Kochan and Cappelli (1984, “ Transformation of the industrial relations and personnel function”). Contributions also include work from UK-based authors such as Storey (1989, “ Introduction: from personnel management to human resource management”), Guest (1990, “ Human resource management and the American dream”), and Legge (1995, “ What is human resource management?”).

Together, these articles from the current description of HRM presented earlier in this review. They also included critiques about the area, descriptions of the transition from “ personnel” to “ human resource” management, and commentary on the relationship between HRM and industrial relations. The 13 contributions more than fulfill the promise conveyed by the title of this first volume.

6. 2. Vol. II: Comparative, international, and strategic human resource management Three areas are addressed in Vol. II, making it the biggest of the three volumes. The first two areas covered in Part I, comparative and international, are described, critiqued, summarized and evaluated by 13

contributions that include works from authors all over the world. In terms of the overview in the first part of this review, the majority of these works are more relevant to the comparative area. Typical of these included Begin's (1992, "Comparative human resource management (HRM): a systems perspective"), Kamoche's (1993, "Toward a model of HRM in Africa"), Warner's (1993, "Human resource management with Chinese characteristics"), and Boxall's (1995, "Building the theory of comparative HRM"). In addition to the more conceptual articles are a few research-based or with commentary on doing comparative research such as Teagarden et al. (1995, "Toward a theory of comparative management research: an idiographic case study of the best international human resources management project") and Brewster et al. (1996, "Comparative research in human resource management: a review and an example").

The HRMSs that are described in Part I of Vol. II include those of the US, Singapore, England, Sweden, Malaysia, Philippines, India, (Africa and Europe, generally and specifically), and Japan. Together all make a significant contribution to the field in their descriptions of the HRM and industrial relation activities throughout the world. In Part 2 of Vol. II, the area of SHRM (and competitiveness) is covered with 11 articles. Contributions here included those from Dyer (1984, "Studying human resource strategy: an approach and an agenda"), Purcell (1989, "The impact of corporate strategy on human resource management"), Sparrow et al. (1994, "Convergence or divergence: human resource practices and policies for competitive advantage worldwide"), and Whitfield and Poole (1997, "Organizing

employment for high performance: theories, evidence and policy”). The Whitfield and Poole article, along with that by Ichniowski et al. (1996, “ What works at work: overview and assessment”) are integrative analysis that review an extensive number of articles. Thus, while only 11 articles are included in Part 2, the ideas of many more are represented.

6. 3. Vol. III: Emergent human resource management issues for the new millennium This is a distinctive set of contributions, being based more on topics or issues that the four broad areas. Most could, however, be incorporated under one of those areas. For example, Gronhaug and Nordhaug (1992, “ International human resource management: an environmental perspective”) and Rosenzweig and Nohria (1994, “ Influences on human resource management practices in multinational corporations”) could easily be placed in the international HRM area. In fact a majority of the 16 articles could be included under either international HRM or comparative HRM. A couple that could be included under SHRM includes Evans et al. (1989, “ Fostering innovation through human resources: lessons from practice”) and Nahapeit and Ghoshal (1998, “ Social capital. intellectual capital and the organizational advantage”). A significant contribution that could be included under HRM, and that represents a great way to conclude the entire set, is Legge’s (1998, “ The morality of HRM”).

#### 6. 3. 1. Summary

Overall, these contributions in Poole’s three volume set are outstanding for the breadth and coverage of the four major areas of study within HRM. Poole has done the academic reader a big favor by gathering so many essential

articles into one (i. e., three) place(s). In addition, he provides the reader with invaluable critiques, insights, and suggestions for the future of each area.

7. Schuler and Jackson's Strategic human resource management: a reader In contrast to Poole's three-volume set, Schuler and Jackson's reader contains articles that focus only on the area of SHRM. In addition the editors describe and organize their articles rather than describe, organize, and critique the articles as does Poole. To guide their selection of the 24 articles that are included, the editors define SHRM as being about systematically linking people with the firm. While concise, behind this definition are a great many perspectives on this definition, questions, constituents, dimensions, and challenges. This collection of articles is assembled in order to explore these aspects of SHRM in more details.

Their collection of reading is organized into five parts. Each part addressed one of these aspects of SHRM with several readings that capture as much of the landscape that aspect as possible. The readings represent the work of academics from several countries of the world, including the UK, the US, Australia, New Zealand, and Hong Kong.

7. 1. Definition and overview of strategic human resource management The first part of this collection includes articles that clarify and expand upon the definition of SHRM used in this reader. These articles illustrate the various perspectives that authors have taken in expanding upon the general definition of SHRM as the systematic linkage of management of people with the firm. In addition, they provide a description of the characteristics of the environment that are

important for the company as well as for SHRM. Examples of the authors included here are Wright and McMahan (1992, "Theoretical perspectives for strategic human resource management"), Boxall (1996, "The strategic HRM debate and the resource-based view of the firm"), and Tyson (1997, "Human resource strategy: a process for managing the contribution of HRM to organizational performance").

### 7. 2. Linking people to the first one best way?

This second part of the reader includes articles that address the question: Is there one or are there several different ways to link people to the firm? The articles appear to conclude that there are several ways that are equally effective, even from firms in the same industry. Of course other questions that result from this initial question include: to what exactly are we linking people to? And how do we measure effectiveness? The authors address these questions and in the process provide an excellent segue to the next section. Examples of the authors included here are Schuler and Jackson (1987, "Linking competitive strategies with human resource management practices"), Cappelli and Crocker-Hefter (1996, "Distinctive human resources are firms' core competencies"), and Gratton et al. (1999, "Linking individual performance to business strategy: the people process model").

### 3. Views of the multiple stakeholders

In this third part, the authors discuss the several stakeholders that impact and are impacted by organizations. These stakeholders include customers, suppliers, society, employees, and investors. Because of their relationship with the organization, they are also important stakeholders for SHRM. In other words, when linking the management of people with the firm, the

goals, and objectives of all the multiple stakeholders need to be accounted for when measuring the degree of effectiveness.

Examples of the authors included here are Becker et al. (1997, "HR as a source of shareholder value: research and recommendations") and Bowen et al. (1999, "HRM and service fairness: how being fair with employees spills over to customers").

#### 7. 4. Global dimensions

If SHRM is about linking people to the company, are there any special qualities that result when considering global dimensions? In this fourth part, the author offer a conceptualization of SIHRM that identifies special qualities that set it apart from a purely domestic perspective on SHRM. The authors also address the issue of where or not HRM practices/policies might vary by region and/or country culture. Indeed they also ask whether or not, academics in different regions conceptualize SHRM differently or the same. Authors included here are Schuler et al. (1993, "An integrative framework of strategic international human resource management") and Brewster (1998, "Strategic human resource management: the value of different paradigms").

#### 7. 5. The role of the human resource department and human resource professionals

In this fifth and final part of the book, the several articles cover issues related to the role of the HR department and HR professionals in a company doing SHRM. Because the field of SHRM depends upon a detailed understanding of the business in order to link HR policies and practices with it, it is often the line managers who actively participate in SHRM. This is particularly the case in the process of formulating SHRM. But his process of



formulation can be informed by competent HR professionals who know the business and HRM policies and practices.

Thus, a partnership between human resource professionals and line managers may assist in formulating effective SHRM policies and practices. This partnership, furthermore, is likely to apply equally as well to the implementation of those policies and practices. In order for the HR professionals to be of equal assistance in this partnership, they need to play the right roles and possess the right competencies. In addition to HR department has to be structured more effectively. Then the results of both the HR professionals and the department have to be assessed and evaluated. A sample of authors included here are Ulrich (1997, " Measuring human resources: an overview of practice and a prescription for results"), Mohrman and Lawler (1998, " The new human resources management: creating the strategic business partnership"), and Sparrow (1998, " Is human resource management in crisis?"). 8. Storey's Human resource management: a critical text (2nd edn.) The latest edition gives comprehensive coverage of all the main areas of HRM. In this unique volume the editor has brought together leading authorities to provide state-of-the-art coverage of the key and emerging issues in HRM.

The second edition contains fully revised and updated chapters from the original contributors including the latest thinking on HRM by Karen Legge, on HR and corporate strategy by John Purcell, HR and personnel specialist by Keith Sisson, and on industrial relations by David Guest. Additionally, several new themes are introduced: these include HRM and ethics, knowledge

management, organizational learning, culture, and change, and HR in international joint ventures.

In particular, current debates about the nature and significance of HRM are taken on to new ground; the link with corporate strategy is fully explored; the interface with the personnel function, trade unions, and industrial relations are examined in depth. All of the main practice areas including resourcing, assessments, training, and development, reward systems, and employee involvement and partnership are fully covered. In addition, international aspects are explained by experts in European HRM, American HRM, and International Management.

The reader is divided into five sections. The first section provides an introduction and overview for HRM with articles by Legge (2000, "HRM: a critical analysis") and Woodall and Winstanley (2000, "Ethics and HR"). The second section contains four chapters that cover the strategic issues of HRM and IR. These include contributions by Guest (2000, "HR and IR"), Purcell (2000, "Business strategy and HR strategy"), and Sisson (2000, "The HR/personnel function").

The third section provides more detail for HRM by containing five chapters on the key HR practice areas. Examples of these contributions include those by Iles (2000, "Employee resourcing"), Kessler (2000, "Reward systems"), and Salaman (2000, "Organizational learning, culture and change").

The second section contains four chapters that cover the strategic issues of HRM and IR. These include contributions by Purcell ("Business Strategy and

HR Strategy”), Sisson (“ The HR/personnel function”), and Guest (“ HR and IR”).

The fourth section has four chapters on international HRM. Contained in it are works by Brewster (2000, “ Europe”), Kochan and Dyer (2000, “ America”), and Scullion (2000, “ International HRM”). The final section concludes with two chapters on future prospects, one by Quintas and Storey (2000, “ Knowledge management”) and the second by Storey (2000a, “ Bringing things together”).

## 9. Summary and conclusion

What is happening today in the field of HRM is nothing short of revolutionary (Poole, 1999). The organizational function of HRM is becoming more important than ever. Line managers are getting involved in HRM, and human resource managers are becoming members of the management team. Also, because HRM is seen as critical to the success of organizations, virtually everyone in the organization can make a contribution to the management of people and the success of the organization at the same time.

In comparison with the past, today’s and tomorrow’s characterizations of HRM reflect the more intense levels of national, regional, and global competition, projected demographic and workforce figures, anticipated legal, and regulatory changes, and significant technological developments.

Translated through major changes in organizational strategy, structure, shape, and technology, these environmental forces require speed, quality, innovation, and globalization for firms wishing to survive the battlefield of

international competition. These environmental forces have given rise to the need for understanding and utilizing knowledge in comparative HRM, SHRM and international HRM, as well as the area of HRM.

Assisting us in getting acquainted with the broad range of knowledge in these areas are the edited works by Poole, Schuler and Jackson, and Storey. Singularly, they make a nice contribution to one or more of the several areas of study and together they provide an in-depth understanding of all the areas as well as a critical review and essential prioritizing of the key contributions in each of the areas.

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