New international human resource management approaches and multinational enterprise strategies


Published in:
The Oxford handbook of international business strategy

Document Version:
Version created as part of publication process; publisher's layout; not normally made publicly available

Queen's University Belfast - Research Portal:
Link to publication record in Queen's University Belfast Research Portal

Publisher rights
Copyright 2020, Oxford University Press
This work is made available online in accordance with the publisher's policies. Please refer to any applicable terms of use of the publisher.

General rights
Copyright for the publications made accessible via the Queen's University Belfast Research Portal is retained by the author(s) and / or other copyright owners and it is a condition of accessing these publications that users recognise and abide by the legal requirements associated with these rights.

Take down policy
The Research Portal is Queen's institutional repository that provides access to Queen's research output. Every effort has been made to ensure that content in the Research Portal does not infringe any person's rights, or applicable UK laws. If you discover content in the Research Portal that you believe breaches copyright or violates any law, please contact openaccess@qub.ac.uk.

Open Access
This research has been made openly available by Queen's academics and its Open Research team. We would love to hear how access to this research benefits you. – Share your feedback with us: http://go.qub.ac.uk/oa-feedback

Download date: 26. Oct. 2023
CHAPTER 23

NEW INTERNATIONAL HUMAN RESOURCE MANAGEMENT APPROACHES AND MULTINATIONAL ENTERPRISE STRATEGIES

KIERAN M. CONROY AND DANA MINBAEVA

Introduction

In the context of what is often now referred to as strategic international human resource management (SIHRM), scholars have drawn from two parallel but largely distinct strands of research; international HRM (IHRM) and international strategy (IS). Despite both streams considering broadly similar issues on the behaviors and actions of multinational enterprises (MNEs), they have largely failed to engage in a mutually reinforcing dialog (Andersson et al., 2019). In parallel, scholars and practitioners call for a broader, more strategic view of IHRM, in order to better understand how the human resources (HR) function contributes to the challenges of implementing IS (Schuler, Jackson, & Tarique, 2011). Given the explicit lack of integration between the two perspectives, there is a need to start a more intense conversation on how the field of SIHRM can move forward by integrating knowledge from these two areas of research.

Most of the work in the SIHRM field was largely developed in the context of a relatively stable and predictable global environment, assuming a relatively homogeneous workforce (culture aside); therefore, the implementation of strategy for MNEs from an HR perspective was far less complicated. A contemporary problem that needs greater
recognition is that MNEs continuously change strategies and expand into new markets without fully accounting for the pressures that these decisions create for their HR function (Andersson et al., 2019). We argue that there is a need to move the conversation forward to account for the complexity that contemporary MNEs with increasingly diverse workforces are confronted with in implementing their ISs. Specifically, the aim of this chapter is to conceptualize the changing nature of HR's role in the implementation of strategy across the MNE. In doing so, we explore more broadly how IS and IHRM scholars can more effectively learn from each other in order to move the field of SIHRM forward.

**IS and IHRM: Common Themes**

There are a number of important themes that are common across the two streams of literature in IS and IHRM. First, scholars from both domains consider the problem of how MNEs balance the inconsistencies and tensions between global and local contexts, generally considered through the home–host country perspective. For example, one of the key issues for IHRM scholars is understanding how MNEs achieve an effective balance between internal consistency and local adaptation of their HR policies and practices (Rosenzweig & Nohria, 1994; Pudelko & Harzing, 2007). Tensions exist between standardizing HR practices so that they may be exploited as firm-specific advantages, and adapting these HR practices to the varying cultural and institutional demands of local environments (Al Ariss & Sidani, 2016). Equally, IS scholars have focused on the importance of developing strategies that achieve a delicate balance between global integration and local responsiveness (Ghoshal & Bartlett, 1990). Work here considers how this dilemma is balanced through the headquarters (HQ)–subsidiary relationship, with traditional approaches emphasizing HQ control and coordination activities, whereas more recent work illuminates on the importance of subsidiary autonomy and influence (notably, Kostova, Marano, & Tallman, 2016). Therefore, both IS and IHRM consider how global and local tensions, dualities, or dilemmas are managed in the context of the HQ–subsidiary relationship.

A second dominant theme common across both streams is the importance of knowledge transfer within the MNE. Studies argue that the HR function is important for overcoming barriers to knowledge exchange as it provides the means and mechanisms through which knowledge is assimilated and shared. For instance, IHRM work has shown that HR practices can facilitate increased flows of tacit and complex knowledge exchange internally and enhance the absorptive capacity of knowledge carriers and the MNE as a whole (Minbaeva et al., 2014). IHRM studies emphasize the importance of international assignments for mobilizing and disseminating knowledge, and hence, enhanced learning between HQ and subsidiaries (Harzing, Pudelko, & Reiche, 2016). Equally, IS studies have considered the MNE as a differentiated network where relevant
and valuable local knowledge should be transferred and exploited globally (Gupta & Govindarajan, 2000).\(^1\) Much of the literature here considers the direction of knowledge flows, with previous work focusing on intra-organizational flows from HQ to subsidiaries, while more recent studies highlight the importance of reverse knowledge transfer from subsidiaries to HQ (Yang et al., 2008). Other studies focus predominantly on the importance of inter-organizational knowledge flows to generate learning (Monteiro & Birkinshaw, 2017) and solve problems within the MNE (Tippmann, Scott, & Mangematin, 2012). However, there has been very little effort over the years to integrate what we have learned about knowledge transfer from IHRM studies with work done on the importance of knowledge transfer for international business (IB) strategies.

Third, in reflecting on the above two commonalities, scholars in both domains have largely built their work on two seminal frameworks that share mutual insights. In particular, the foundations of IHRM are built on Perlmutter’s (1969) EPRG framework on staffing orientations of MNEs, with IS research drawing on Bartlett and Ghoshal’s (1989) seminal typology of ISs. There are four broad types of staffing orientations that determine how an MNE mobilizes its human resources across borders (ethnocentric, polycentric, regiocentric, and geocentric), and each of these align to the four types of ISs (global, multidomestic, regional, and transnational). For example, an ethnocentric orientation likely leads to a global strategy with a focus on hierarchical top down strategy development, ensuring global integration of HR systems and policies through parent country nationals. A polycentric orientation focuses more exclusively on a multidomestic strategy developed from the bottom up and driven through the adaptation and subsequent sharing of HR policies and practices from host country nationals with increased autonomy. Multinationals pursuing a transnational strategy will look to balance global integration with local responsiveness through a geocentric staffing orientation, mobilizing a cadre of highly talented individuals, tapping into and sharing knowledge within and across the MNE. More recently, we have witnessed a rise in regional strategies of MNEs, invoking a regiocentric orientation (Heenan & Perlmutter, 1979), where firms will staff their operations with individuals from given regions and adapt their HR policies and practices to regional idiosyncrasies rather than global parameters or local adjustments. Ultimately, these seminal works provide us with common knowledge on how MNEs utilize their HR function in implementing strategies in an IB context and how these two decisions are often interrelated.

An important avenue for linking seminal work on IHRM with the strategic needs of the MNE is through the field of SIHRM. Schuler, Dowling, and De Cieri (1993) were the first to consider SIHRM as a distinct theoretical domain and defined SIHRM as “HRM issues, functions and policies and practices that result from the strategic activities of multinational enterprises and that impact the international concerns and goals of those enterprises” (Schuler et al., 1993). Others have built on these insights in response to the growing external challenges faced by MNEs, such as aging workforce, skill

\(^1\) See Chapter 15 for a discussion on network embeddedness and the transfer of knowledge between MNE subsidiaries.
shortages, industrial disputes, natural disasters, economic recessions, and political changes (De Cieri & Dowling, 2012). These revised conceptualizations have emphasized that reciprocal relationships exist between external and organizational factors that impact the corporate HR function and ultimately the MNE’s strategic performance (Minbaeva & De Cieri, 2014). Studies have further emphasized the importance of an HR architecture that allows for a more integrative strategy across the MNE, balancing centralized HR policies and practices with decentralized autonomous initiative taking at the subsidiary level (see Morris, Snell, & Bjorkman, 2016).

However, as has already been suggested, a significant challenge that the field of strategic IHHRM faces is the increasingly dynamic and complex nature of the global environment. This complexity forces many MNEs to persistently re-evaluate their approaches to developing IS (Andersson et al., 2019), which challenges the strategic role of HR in this context (Caligiuri, 2014). This complexity is compelling HR functions to be more formally integrated and aligned with the development and implementation of strategy (Reiche, Lee, & Allen, 2019). We maintain that, although the way in which an MNE reflects on, and responds to, these growing changes is largely through its SIHRM structure, there is a need to design more flexible and innovative policies and practices (Becker & Huselid, 2006). While the pervasive breadth of this global complexity means that a thorough investigation is beyond the scope of this chapter, we introduce what we see as three significant ways in which this complexity is manifested, and how we foresee it impacting the role of HR in the implementation of IS. Next, we discuss these challenges, after which we outline some directions for future research.

**CONTEMPORARY CHALLENGES FOR SIHRM**

Although the strategic role of HR remains an imperative to MNE strategy implementation, the specific ways in which it executes this mandate have become more challenging due to a variety of disruptions. These challenges include the growing digitization of global work, the changing face of global mobility, and the shifting role of the corporate HR function in line with a more networked MNE structure. We zoom in on those changes in the external environment of the firm that are most likely to impact how the MNE transforms its HR function.

**Digitization of Global Work**

The digitization of work is a growing concern for HR and involves a myriad of factors, such as big data, analytics, and artificial intelligence (AI), robotics, and automation (Meijerink, Boons, Keegan, & Marler, 2018). The HR field has yet to fully appreciate the impact of digitization on HRM practices and policies or the broader positive, as well as
potentially negative impacts that they may have on the strategic role of HRM within the MNE (Angrave et al., 2016).

One way to consider the scale of impact of digitization on HR is to distinguish between “being digital” from “doing digital.” Many organizations invested enormous amounts of resources to transform their traditional (analog) business processes into digital formats. It applies to all business functions, including HR, and it is usually initiated at the HQ. Corporate HR functions digitalize their recruitment systems, upgrade performance management processes, and establish app-based strategic workforce planning. In the literature, this digital “face-lifting” of HR is termed as e-HR/electronic-HR. Bondarouk and Ruel (2009) define e-HR as “an umbrella terms covering all possible integration mechanisms and contents between HRM and Information Technology aiming at creating value within and across organizations for targeted employees and management” (p. 507). But simply transforming HR processes from analog to digital is not enough. How different then is “being digital” for HR?

As it is argued, digitization is driven by the user experience. For HR, the starting point of digital transformation should then be recentering on the employee experience and revamping their own processes through continuous innovation and experimentation. For example, IBM, a US company with over 400,000 employees worldwide, used a variety of experiments to transform to digital HR (Kiron & Spindel, 2019). After employee hackathon, performance management was reinvented to include a new feedback process that dramatically increased engagement and strategic alignment (Zillman, 2016). In response to employees’ feedback, IBM shut down its global learning management system and replaced it with a new digital learning platform enabling employees to publish any content they deemed important and recommend external learning they found useful. Cognitive Human Interface Personality (CHIP) replaced the HR services hotline: an AI-based cognitive assistant can handle a wide range of HR-related questions, in various contexts and in different languages.

However, we argue that there remain a number of challenges associated with rewriting the rules of the game for IHRM in the digital age. Exponential rate of technological change is one such challenge. The use of automation, robotics, and AI for global value creation is yet to be understood by all parties: academics, practitioners, and consultants; as such, the full benefits (and drawbacks) of technological advancements are yet to be discovered. Another example of a related, but distinctive, challenge is the changing nature of work as a result of greater digitization in what has become known as the “gig economy” and the rise of gig workers (McDonnell, Burgess, Carbery, & Sherman, 2018). The debate in this context has focused on whether gig workers are similar to traditional employees or more akin to independent contractors with legal challenges impacting and affecting the nature of global work in this unique context (Fabo, Karanovic, & Dukova, 2017). Ethical implications of digitization of global work are of serious concern not just for businesses but also for civil society and governments. Deloitte’s 2017 Global Human Capital Trends report accurately identified HR’s opportunity to help close the gaps created by the rate of change among technology, individuals, businesses, society, and governments. The report states that: “HR has a unique role to play: It can help leaders
and organizations adapt to technology, help people adapt to new models of work and careers, and help the company as a whole adapt to and encourage changes in society, regulation, and public policy” (Deloitte, 2017). Such opportunity remains yet to be explored for the vast majority of MNEs.

With an increased recognition that the structure of the MNE is becoming more complex and matrixed in its design, digitization should become a tool that allows for the creation of a more flexible global workforce (Schotter, Buchel, & Vashchilko, 2018). IS scholars are beginning to recognize the importance of the HR function in building greater agility, particularly in the design of global virtual work and its influence on knowledge exchanges across the MNE (Nurmi & Hinds, 2016). Ongoing digitization may impact how the HQ adds value to its global network of subsidiaries in that it may provide timelier and better access to information (Schmitt, Decreton, & Nell, 2019). In order to take full advantage of this, HR organizations in HQs need to become more platform-based, ensuring they have the required digital talent at all levels in the organization. For example, HR teams require fewer generalists and more senior HR consultants. As one chief HR officer (CHRO) mentioned: “To manage my global organization, I will need mini-CHROs like me to push strategy implementation at frontlines and a solid back up at the corporate HR function, consisting of centers of excellence in various HR disciplines and run as digital platform.” Other studies in IS are increasingly recognizing the importance of digitization for ISs in the context of platform-based business models that connect buyers and sellers (Stallkamp & Schotter, 2019) as well as how this challenges traditional IB frameworks. Based on the abovementioned arguments, it is clear that the digitization of work is an increasingly important issue that will impact HR’s role in the implementation of strategy across the MNE.

Changing Face of Global Mobility

One of the most widely considered issues in the context of IHRM is the global mobility of the MNE’s workforce (Bonache, Brewster, Suutari, & Cerdin, 2017). Global staffing is a central part of the mobility process and considers the importance of sending individual managers on international assignments. Much of the literature in this area has focused on the importance of traditional expatriation, which involves deploying HQ employees to foreign subsidiaries, usually on a long-term assignment between one and three years (Collings & Isichei, 2018). As outlined earlier in Perlmutter’s EPRG model, much of the extant research on expatriates is considered from an ethnocentric perspective, in that parent country expatriates ensure greater HQ control and coordination of their strategies (Harzing, 2001). More recently, due to the costs of expatriation and the need for more flexible ways of implementing strategy in globally dynamic environments, MNEs have begun to design alternative forms of mobility (Caligiuri & Bonache, 2016). We have witnessed an emergence of various types of mobility, such as short term (one–twelve months), virtual, frequent flyers, and self-initiated assignments (Shaffer, Kraimer, Chen, & Bolino, 2012). These assignees are increasingly deployed for strategic purposes
such as tapping into valuable knowledge in unknown markets and sharing this with relevant actors in the MNE (Duvivier, Peeters, & Harzing, 2019). In adapting to growing demands to become more flexible over the next five years, KPMG’s global mobility survey found that 72 percent of firms expect to rely on short-term assignments, such as extended business trips (three months), with a 28 percent reduction in use of expatriates (KPMG, 2018).

This is problematic because, recent work on IB travelers—individuals that regularly travel across borders, often staying in a location for up to four weeks, without fully relocating (Meyskens, Von Glinow, Werther, Jr, & Clarke, 2009)—demonstrates that these individuals face unique challenges related to health and family stability (Welch, Welch, & Worm, 2007). These unique challenges may subsequently impact on their effectiveness to build the relevant social capital needed to share knowledge back to HQ (Bozkurt & Mohr, 2011). Others have detailed how these alternative assignees are often not formally controlled through the HR function (Makela & Kinnunen, 2018), instead being managed in an informal capacity through their line managers with very little training and support provided in comparison to traditional expatriates (Conroy, McDonnell, & Holzleitner, 2018). It is clear that these more temporary forms of mobility are crucial channels through which knowledge is being mobilized and transferred across the MNE (Bathelt & Henn, 2014); however, there is a risk that the potential strategic value expected to be gained is not fully captured due to their lack of integration with the HR function. This shift creates contemporary challenges for current IHRM policies and practices that have been preserved to accommodate expatriates, compelling the HR function to be more innovative. The development of these alternative assignments has implications for how knowledge is shared, and more broadly how strategy is implemented in a dynamic environment (Harzing et al. 2016).

Another significant challenge for IHRM in the context of global mobility comes in the form of global talent management, which involves attracting and retaining high-performing employees that are critical to the MNE’s strategic success (Stahl et al. 2012). Global talent management work focuses on the management of employees with high levels of human capital and considers the importance of HR practices for those talented individuals being aligned with the MNE’s strategy intent (Collings, 2014). More recently, scholars have argued that, in implementing strategy, MNEs should focus less on recognizing talented individuals for leadership succession at the HQ and more on identifying central strategic positions across the MNE (Collings, Mellahi, & Cascio, 2019). As the complexity and dynamism increases, MNEs may need to widen their search in order to fill these positions, ensuring that subsidiary employees are provided with more opportunities. Collings and Mellahi (2009) argue that MNEs need to develop strategic talent management agendas with differentiated architectures that maximize the potential for exploiting talent pools to fill such pivotal positions.

Further to the importance of integrating HR practices with dynamic MNE strategies, Morris et al. (2016) identified how different configurations of talent portfolios tend to be
emphasized and integrated depending on the IS of the MNE. Their work presents an architecture for global talent management, moving beyond aligning HR practices with strategy and demonstrating how staffing can become a dynamic capability when decisions are based on the human capital profile of the individual, rather than their nationality or location. For example, MNEs with a transnational strategy will likely build a talent portfolio that integrates subsidiary and corporate human capital, where learning is driven from the bottom up. Employees in this context are, therefore, expected to develop human capital that reflects a balance between global and local experiences. Others have noted how matrixed MNE structures have talent systems that are increasingly based on project work, placing more emphasis on the importance of global teams. For example, Cisco (US) uses app-based technology to enhance performance of individuals within teams as well as knowledge sharing with peers and feedback to supervisors (Cappelli & Tavis, 2018). Collings et al. (2019) developed a multilevel perspective arguing that individual level human capital can impact subsidiary and corporate level strategies, but there needs to be alignment between the global talent system and the MNE’s IS. Notwithstanding the abovementioned insights, the field of global talent management is very much in its infancy and very little work has been done to explicitly integrate these insights with IS research studies.

Corporate HR Transformation

Although research has considered the role of the corporate HR function, and how this has changed over time regarding its IHRM structures, its link to IS less evident (Novicevic & Harvey, 2001). Scullion and Starkey (2000) found that it is likely that MNEs with global strategies will have more centralized corporate HR functions, with a variety of practices and policies being developed and shared from the center. The seminal work of Farndale, Scullion, and Sparrow (2010) considers various typologies of the corporate HR function that determine the primary IHRM structure of the MNE. This work details that the corporate HR function is rarely static but often dynamic and emergent as its relationship with subsidiaries evolves.

We identify two major changes in IS and IHRM literatures that complicate the role of the corporate HR function in implementing strategy. First, recent work in IS has detailed how MNEs are becoming less hierarchical and more networked in their design, with an emphasis on the role of subsidiary strategy in enhancing local learning. These studies demonstrate how the role of the HQ is changing through the increased disaggregation of parenting responsibilities to regional HQs or subsidiaries with COE mandates (Nell, Kappen, & Laamanen, 2017). Much of this transformation is due to managing a more complex MNE structure that is spatially dispersed, creating bounded rationality challenges for MNE executives (Kunisch, Menz, & Birkinshaw, 2019). Research has largely failed to consider how the creation of these “intermediary structures” complicates the implementation of strategy and the relationship between the HQ and foreign subsidiaries.
This represents a significant shift in power and has important implications for the location of IHRM structures as well as the flow of knowledge in the MNE. Despite these observations, research in IS focuses on global and local as two extremes, but the reality is that we need to “highlight the middle” and develop a more nuanced analysis of hybrid strategies in nested MNE structures (Andersson et al., 2019).

Second, we have witnessed a similar change in IHRM studies, with an increase in strategic HR capabilities being devolved to local subsidiaries, along with more outsourcing and offshoring of HR activities. Annual surveys from Deloitte (2017) have detailed the growing importance of shared services with MNEs like Siemens and DHL announcing cost savings of nearly 50 percent (Richter & Bruehl, 2017). Although, the increase in outsourcing of HR to external service providers is largely efficiency based, other work has shown how it may lead to a more strategic role for HR (Ulrich, Younger, & Brockbank, 2008). The creation of a shared services center may be a factor of corporate strategy, as it involves “insourcing” of corporate HR administrative tasks to a new business unit, usually to create greater integration within a region or business division (Reichel & Lazarova, 2013). IKEA, for example, provide global HR services through such centers in order to enhance strategic control and coordination of HR practice sharing (Farndale et al., 2010). Therefore, the use of an HR shared services model has become a popular way for the corporate HR function to focus on the development of strategic level issues (Farndale, Paauwe, & Hoeksema, 2009). An important implication of this may be the move away from global HR policies and practices, orchestrated through a centralized strategy, and the passage toward more of a localized IHRM structure (Farndale et al., 2010). Studies have found that higher levels of subsidiary HR autonomy have the potential to enhance subsidiary performance, but this may be impacted by the existence of intermediary structures such as HR shared service centers (Belizon et al., 2013). This shift will create significant challenges for how the corporate HR function is managed, as well as where and how global talent is sourced and managed (Farndale et al., 2010). These studies suggest that the significant changes around the temporal and spatial structure of the corporate HR function creates greater levels of complexity for HR’s role in implementing strategy.

Some studies have pointed to the need to develop an integrative strategy process as the MNE expands and becomes a more complex structure (Taylor, Beechler, & Napier, 1996). Notably, Minbaeva and De Cieri (2014) suggest that a global–regional–local HR model would allow for the implementation of subsidiary initiatives locally while freeing up the corporate HR function to focus on strategy. This regionalized HR function would ensure that the HR role in a nested structure aligns to a philosophy of centralized inspiration–regionalized development–local implementation. This integrative approach allows us to view HR’s role at the “middle” or intermediary level in terms of implementing IS. Notwithstanding these arguments, we still have a limited understanding of how changes in the design of the corporate HR function impact the implementation of IB strategy.
**Future Research Directions**

Although the MNE continues to serve as an important context in which to study SIHRM, there remains much room for shared dialog between scholars in IS and IHRM domains. To advance greater sharing of ideas between these two mutually reinforcing pathways, we believe that it is imperative for future research to:

1. acknowledge a shift in the SIHRM mandate from strategy implementation to enabler of IB strategy;
2. consider the increasingly diversified workforce, its origins, and consequences for strategy implementation; and
3. theorize about the effects of context in order to understand what triggers the variations in strategy implementation in various international contexts.

**Changing SIHRM Mandate**

For many years, the SIHRM function has been generally regarded as “a tool for the implementation of the strategy-structure changes” (Welch, 1994) with the main role being that of implementer of a top-driven strategy. This formal planning approach is useful in stable environments, as it clearly defines the firm’s general strategic direction that is used by the HR function to identify long-term priorities in managing the global workforce. But as we pointed out earlier, the global business environment for most MNEs is not stable. Hypercompetitive and turbulent market conditions with frequent changes and unknown effects create a need for responsive initiatives by local employees. Yet, SIHRM lacks the mechanisms to help employees respond to unexpected changes and quickly adapt to new business realities.

We therefore argue that the view of SIHRM’s mandate as strategy implementer is limited and outdated. It fitted well with a traditional centralized strategy-making approach and the “value chain” model, where HR was marked as one of the “support activities.” The new reality of strategy making is described by such concepts like “customer-centricity,” “digital first,” “platforms,” and “eco-systems.” We ask:

- What is the mandate of SIHRM in this new reality?
- How can global HR processes sensitize managers on all levels to the complexity of the strategic challenge facing MNEs globally?
- What can be done to instill a general awareness for adaptive strategic responses in the diverse global competitive environment?
- What can we do to recruit, develop, and retain talents who are “big picture conscious” as well as “detail conscious” (Hodgkinson & Clarke, 2007) regardless of where they are located?
These are questions that must be addressed in the future research concerning the SIHRM mandate.

**Increasingly Diversified Global Workforce**

Scholars in IS have continuously called for greater focus on unpacking the behaviors, experiences, and activities of individuals in implementing strategy (Contractor, Foss, Kundu, & Lahiri, 2019). There have been calls for intentionally introducing individual heterogeneity into the research models used in international management as opposed to acknowledging it as an empirical limitation (Minbaeva, 2016). IHRM provides us with the theoretical foundations to illuminate how micro-level factors of an increasingly diversified workforce may impact broader strategic outcomes (Minbaeva, Makela, & Rabbiosi, 2012). Borrowing from its focus on the psychological aspects of HR (Andersson et al., 2019) may allow for a greater understanding of the cognitive schema that corporate executives enact in making strategic decisions or when choosing to transfer HR practices. Equally, work on expatriates and their challenge of adjusting to new contexts (Shaffer et al. 2012) could be useful for exploring how subsidiary managers adapt to changing demands from HQ, and how this impacts the development of strategy in a dynamic local context. This would be particularly important to unpack the cognitive schema that subsidiary individuals use to interpret the value of HR practices that are transferred from HQ and how this impacts the overall transferability process.

Moreover, in the context of global mobility, more individuals across the MNE are increasingly enacting boundary spanning activities, and confronting challenges across various spatial, temporal and cultural boundaries (Pedersen, Soda, & Stea, 2019). Increased multinationality proliferates the geographical breadth and hierarchical depth of the MNE, increasing the variability of boundaries that individuals are confronted with. As such, the complexity of these boundary spanning roles and activities are significant and these individuals may oscillate between the HQ and the frontier of unknown markets the MNE has recently entered (Makela, Barner-Rasmussen, Ehrnrooth, & Kovesnikov, 2019; Minbaeva & Santangelo, 2018). Despite some studies considering the importance of expatriates and inpatriates as boundary spanners (Au & Fukuda, 2002; Reiche, 2011), we still have a limited view on how alternative forms of assignees, such as frequent flyers or virtual assignees, impact the overall flow of knowledge and the strategic linkages between HQ and foreign subsidiaries. As such, more studies should consider the micro-level experiences and activities of individuals in central knowledge sharing positions that drift between the boundaries of global, regional, and local contexts (Schotter, Stalikamp, & Pinkham, 2017). This perspective could be neatly complemented with emerging insights on the micro foundations of IB strategy to emphasize the important role of talented individuals in central positions contributing to the implementation of “integrative” ISs in MNEs.
The Role of Context

There is a growing need to better understand and utilize context heterogeneity in SIHRM research (Minbaeva, 2016). Context has an influence on the effectiveness of the SIHRM function and impacts how the corporate HR function transfer practices to subsidiaries as well as the mobility of individual assignees when sharing knowledge across the MNE. Many studies in the SIHRM field remain, however, “context blind” (Michailova, 2011), failing to fully understand the underlying reasons for variation in the implementation of HR practices across the MNE. As an example, work on global talent management (GTM) has been heavily criticized for its assumption that internal talent systems in MNEs are globally coordinated and talent is effectively mobile (Minbaeva & Collings, 2013). However, recent work on macro talent management has begun to acknowledge these limitations and theorize how GTM is impacted by the wider context as well as accounting for different levels of analysis (Khilji et al., 2015). In this sense, context often exists at a different level of analysis, and one way to account for its importance is to develop more multilevel theorizing that unpacks contextual influence on the phenomenon under investigation (Collings et al., 2019).² A major problem for most SIHRM research is that the context lacks heterogeneity and is confined to an Anglo-North American lens, which has led to a homogenization of theories and methodological approaches (see Tsui, 2007).

However, work on emerging-market MNEs (EMNEs) is somewhat beginning to recognize the importance of context. Firms from emerging markets enact novel strategies and organizational forms that challenge our current understanding (Luo & Tung, 2007). These firms tend to be smaller in size with considerably less resources and, therefore, limited ability to strategize through the transfer of knowledge internally (Gullien & Garcia-Canal, 2009). EMNEs, in turn, rely on accessing new resources through “linkages” with external partners, “leveraging” the resources of these partners, and “learning” through repeated and ongoing interactions (Mathews, 2006). As these EMNEs generally come from contexts with less developed institutional environments, knowledge sharing tends to manifest itself through reverse diffusion from subsidiaries in more established contexts (Govindarajan & Ramamurti, 2011). This new knowledge may then be exploited in other emerging markets. From an SIHRM perspective, EMNEs may apply different HR practices in developed and emerging country subsidiaries (Khavul, Benson, & Datta, 2010). Although some Indian firms have a desire to localize their management teams globally, they typically find it difficult to attract top talent in developed markets, due to perception of their brand and, instead, rely on expatriates in these markets (Thite, Wilkinson, & Shah, 2012). Others have found that Indian firms have developed specific HR practices for their “Yopatriates” (Gen Y expatriates) who are highly qualified and mobile knowledge workers seeking shorter-term assignments so

² Chapter 8 provides an overview of how to use multitheoretical frameworks appropriately in our research.
that they can travel and learn simultaneously (Pereira et al., 2017). Chinese MNEs deploy HR practices that leverage country of origin effects such as low-cost labor and company loyalty so that resource-based advantages are exploited abroad, particularly in other emerging markets (Luo & Zhang, 2016). This is particularly evident for companies such as Huawei and ZTE when initially entering emerging markets in Africa (Cooke, 2012). Research carried out on South African MNEs such as SABMiller revealed that they develop HR strategies with a low level of alignment to their ISs (Horwitz, 2017).

Notwithstanding these studies, the majority of studies do not account for context heterogeneity and adopts western-based theories and frameworks of SIHRM (Cooke, 2009). Further studies need to consider how IS and IHRM scholars use this unique context to enhance our understanding of the complexity of HR for strategy implementation and more broadly the field of SIHRM (Meyer & Xin, 2018). Each of the three challenges detailed in this section could be considered in the context of EMNEs, considering, for example, how their SIHRM approaches may differ from those of advanced economy MNEs. This may be an opportunity for learning from the best practices of each type of MNE.

Concluding Remarks

SIHRM has gained prevalence as an area of research over the last few decades. However, to address the significant challenges that the field faces, scholars need to do more to promote the cross fertilization of ideas between IS and IHRM streams and develop a more mutually reinforcing dialog. By identifying three major challenges to the field of SIHRM, our chapter argues that, although in many instances the strategic role of HR remains an imperative to strategy implementation in the MNE, the specific ways in which it executes this mandate have changed. Specifically, these challenges consist of the growing digitization of global work, the changing face of global mobility, and the transformation of the corporate HR function. Our intention is to illuminate these emerging challenges and identify key trends for future research in terms of a changing SIHRM mandate, an increasingly diversified global workforce, and the need to focus more of our empirical efforts on the effects on context on SIHRM. Growing complexity and unpredictability ultimately require that IS and IHRM scholars converse more frequently and share ideas more effectively in order to move the field of SIHRM forward.

References


