Global Integration vs. Local Adaption of an e-HRM System in a US MNC

Bamberg, Friday 21 May 2010
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Overview

• Research Objectives
• Methodology
• Institutional Theory
• Transfer of (e-)HRM practices in MNCs
• Findings & Discussion
Research Objectives

• To identify the factors mediating the diffusion of e-HRM practices in subsidiaries of a single MNC

• To assess whether the diffusion of e-HRM practices in the subsidiaries of a US MNC is mediated by the same institutional factors that govern the transmission of standard HRM practices

• To explore the applicability of institutional theory to e-HRM research
Methodology

• International Comparative Case Analysis of One US MNC (Exploratory and Explanatory)
• Single Case Design – Multiple Units of Analysis (German & Irish subsidiaries)
• Multiple Sources of Data: company documentation, company presentations, 19 semi-structured interviews with key stakeholders
Institutional Theory

• “... social embeddedness of firms in particular contexts shapes their structures and processes” (Morgan and Kristensen, 2006, p. 1468)

• Neo or new institutional theory
  – Emphasis on global diffusion and adoption of practices, but ignores how practices are mediated

• Historical or European institutional theory
  – Emphasis on regulative context, but underrates convergence
Institutional Theory

• Rejection of economistic accounts of MNCs
• Social embeddedness of organizational practices in different institutional contexts
• Ambiguity, uncertainty and the role of politics inside the MNC
• Concern for the degree of isomorphism and divergence in and among MNCs
• Power and the ability of different actors within the MNC to shape the transfer, diffusion and implementation of organizational practices

(Morgan and Kristensen, 2006, p. 1473)
Neo Institutional Theory

• Institutional duality: external *institutional* context v. internal *relational* context (Kostova and Roth, 2002)

• Institutions: “taken for granted ways of acting, which derive from shared regulative, cognitive and normative frames” (Morgan and Kristensen, 2006, p. 1470) - Institutionalisation

• Legitimacy: organisations conform to institutional environment – isomorphism

• Coercive isomorphism, mimetic isomorphism, normative isomorphism (DiMaggio and Powell, 1983)
European Institutional Theory

• Diverse institutional arrangements formed by societies determine rules which shape organisational responses

• MNCs react to institutional diversity in a variety of ways (Morgan et al., 2001)

• E.g. set up subsidiaries that reflect home country practices (Whitley, 2001)

• MNCS look for institutional fit or institutional weaknesses (Morgan and Kristensen, 2006)
Transfer Success?

Social Context
- Regulatory
- Normative
- Cognitive

Organisational Context
- Compatibility
- Favourability for learning and change

Relational Context
- Commitment to parent
- Identity with parent
- Trust in parent

Implementation

Internalisation

Commitment to practice
Satisfaction with practice
Psychological ownership of practice

Kostova (1999:313)

Burbach & Royle 2010
Transfer Success?

Governance Mechanisms
- Subsidiary autonomy
- Performance evaluation criterion

Intra-organisational social capital
- Interaction ties
- Shared cognition
- Trust

Subsidiary HR system
- Satisfaction with existing HR practices
- HR capabilities

Headquarters’ management of the process
- Due process
- Change management

Implementation

Internalisation

Integration

Björkman and Lervik (2007:324)

Burbach & Royle 2010
Transfer of HRM Practices in MNCs

• Home and host country effects
• Sectoral influences / dominance effects
• Relative strengths of National Business Systems
• Isomorphism vs. internal consistency
• ‘Double Breasting’ (Industrial Relations)
• Micro-political relationships within corporation

Burbach & Royle 2010
Key Findings and Discussion

• Strong pressures for internal consistency in e-HRM utilisation

• However, differences exist in transfer of e-HRM owing to dissimilarities in the institutional, organisational and relational contexts

• Dichotomy between what the HQs consider implementation and the conflicting reality in the subsidiaries
Summary

• E-HRM diffusion mediated by complex nature of the relationship between home and host country effects, pressures for standardisation and resource capabilities of subsidiaries

• Transfer of e-HRM practices a “social process” (Björkman and Lervik, 2007)

• Both neo-institutionalism and European institutionalism may advance the field of e-HRM research