This article was downloaded by: [Lancaster University Library]
On: 21 January 2013, At: 06:13
Publisher: Routledge
Informa Ltd Registered in England and Wales Registered Number: 1072954 Registered office: Mortimer House, 37-41 Mortimer Street, London W1T 3JH, UK

The International Journal of Human Resource Management

Publication details, including instructions for authors and subscription information:
http://www.tandfonline.com/loi/rijh20

Managing the duality of IHRM: unravelling the strategy and perceptions of key actors in South Korean MNCs

Chul Chung [a], Ödül Bozkurt [a] & Paul Sparrow [a]

[a] Lancaster University Management School, Lancaster, UK

Version of record first published: 21 Oct 2011.

To cite this article: Chul Chung, Ödül Bozkurt & Paul Sparrow (2012): Managing the duality of IHRM: unravelling the strategy and perceptions of key actors in South Korean MNCs, The International Journal of Human Resource Management, 23:11, 2333-2353

To link to this article: http://dx.doi.org/10.1080/09585192.2011.625966

PLEASE SCROLL DOWN FOR ARTICLE

Full terms and conditions of use: http://www.tandfonline.com/page/terms-and-conditions

This article may be used for research, teaching, and private study purposes. Any substantial or systematic reproduction, redistribution, reselling, loan, sub-licensing, systematic supply, or distribution in any form to anyone is expressly forbidden.

The publisher does not give any warranty express or implied or make any representation that the contents will be complete or accurate or up to date. The accuracy of any instructions, formulae, and drug doses should be independently verified with primary sources. The publisher shall not be liable for any loss, actions, claims, proceedings, demand, or costs or damages whatsoever or howsoever caused arising directly or indirectly in connection with or arising out of the use of this material.

The International Journal of Human Resource Management,
Vol. 23, No. 11, June 2012, 2333–2353

Routledge
Taylor & Francis Group

Managing the duality of IHRM: unravelling the strategy and perceptions of key actors in South Korean MNCs

Chul Chung*, Ödül Bozkurt and Paul Sparrow

Lancaster University Management School, Lancaster, UK

This research aims to extend our understanding of the duality between global integration and local responsiveness in multinational corporations (MNCs) by exploring the perceptions of corporate HR actors regarding the intra-organisational factors that alter the balance between these pressures. It examines the perceptions and actions of key actors in the context of two Korean MNCs. The study shows the importance attributed to a range of socio-procedural factors by corporate actors and which, therefore, inform the practical management of the dual forces, notably: HR expertise, social ties, trustworthy relationships and co-involvement in decision processes.

Keywords: duality; global integration; international human resource management; Korean MNCs; local responsiveness; multinational corporation

Downloaded by [Lancaster University Library] at 06:13 21 January 2013

Introduction

It is widely accepted that one of the key issues in the practice of international human resource management (HRM) is the need to manage the dual pressures of global integration and local responsiveness (Evans, Pucik and Barsoux 2002; Rosenzweig 2006; Brewster, Wood and Brookes 2008). Most recent research has explored the issue by studying the impact of the dual pressures on how multinational corporations (MNCs) manage their human resources, especially by examining whether subsidiaries adopt parent company practices or local practices. These studies have shown that foreign subsidiaries' HRM practices reveal some similarities with, but also differences from, both local practices and parents' practices, depending on particular contexts. Previous research has thus contributed to our general understanding of the patterns of adaptation of particular HRM practices within the context of dual pressures, as well as the external factors that influence those adaptation patterns. We argue, however, that the current literature does not provide sufficient insight regarding the intra-organisational factors that matter in the management of the dual pressure of global integration and local responsiveness as seen from corporate actors' points of view (Björkman, Barner-Rasmussen, Ehrnrooth and Mäkelä 2009).

The organisational domain of MNCs is characterised by the contestation between actors with competing rationalities from multiple institutional contexts such as transnational, home and host national institutions (Geppert, Matten and Walgenbach 2006). The contested nature of the MNC makes the task of attaining global integration and local responsiveness problematic and demands that corporate actors act with nuanced

*Corresponding author. Email: c.chung@lancaster.ac.uk

ISSN 0958-5192 print/ISSN 1466-4399 online
© 2012 Taylor & Francis
http://dx.doi.org/10.1080/09585192.2011.625966
http://www.tandfonline.com

sensibilities, informed by a deep understanding of the underlying dynamics behind the latent and potentially contradictory forces that are involved in striking the balance (Evans 1999; Evans et al. 2002). However, there is still little understanding of the strategic actions available to, and actually used by, corporate actors to *actively* manage the dual pressures.

We address this gap by focusing on the role of corporate actors in managing the tension between global integration and local responsiveness in the specific case of the HR function in MNCs. Contrary to the approach taken in previous research, which tends to look at the said duality as a static state of balance between the forces at one particular place and time, we conceive of the duality as a dynamic process. Here, the term duality refers to the fundamental requirement of responding to the dual pressures of global integration and local responsiveness in managing the HR function of MNCs, though different companies may have different points of balance between global integration and local responsiveness. We focus on the key factors available to corporate actors that might help them move towards their desired balance of global integration and local responsiveness, even against the backdrop of potentially constraining resistance from foreign subsidiaries. More specifically, this study investigates the intra-organisational factors that corporate HR actors perceive as being a key in shifting the balance of dual forces in the direction they desire. It could be argued that an analysis solely of managerial perceptions and actions is not enough to account for the underlying mechanisms of moving the balance between the dual forces; however, we argue that there is considerable benefit in identifying the potential key constructs that exist in the minds of those involved in, and who tend to initiate, IHRM strategy.

The remainder of this article is structured as follows. First, we elaborate upon the theoretical context of our research by presenting the current arguments on managing global integration and local responsiveness in MNCs and the factors that are purported to matter in moving the balance specifically in the HR function. After a discussion of the research methodology employed and an introduction of the case organisations, the empirical findings are presented. We then offer an interpretation of the findings with reference to existing theoretical debates and conclude with a discussion of the contribution of the study and its limitations, as well as suggestions for future research.

Theoretical background

Managing the duality in HRM of MNCs

The core theme of the management of dual pressures inside the MNC has also been one of the key concerns in inquiries into HRM issues in these organisations. A significant amount of research on the HRM of MNCs has examined the degree of global integration or local responsiveness in subsidiary HRM practices by assessing whether a particular HRM practice or configuration of HRM practices resembles local practices, parent firm's practices or a hybrid of the two, and attempted to identify the contextual determinants of the balance (Björkman 2006; Rosenzweig 2006; Brewster et al. 2008). However, insofar as our interest is in the issue of managing the dual pressures, it could be argued that this stream of research confronts two limitations. First, it relies on a static view by merely identifying the extent of global integration and local responsiveness through examining particular HRM practices at a given point in time. Second, it is deterministic in that the main focus is on external factors such as the influences of home country, parent company, host country and other MNCs, generally failing to consider the role of strategic actors

Downloaded by [Lancaster University Library] at 06:13 21 January 2013

(Edwards, Colling and Ferner 2007). With these limitations, it would be difficult to advance our understanding of how the current state of balance in responding to the dual pressures could be changed by internal key actors.

To overcome these limitations, we need to understand the nature of the actual process of managing the dual forces of global integration and local responsiveness. A major contribution in this area has come from the duality perspective of Evans and his colleagues (Evans 1999; Evans et al. 2002). According to the duality perspective, responding to the dual pressures should not be regarded as an 'either-or' choice, but be based on a conception of the duality as one that 'must be reconciled or dynamically balanced' (Evans 1999, p. 328). Because a particular configuration of HRM practices in MNCs could be regarded as a result of temporarily balancing the latent forces of global integration and local responsiveness, it is subject to change by the actions of key actors in a given context. This view has many strengths, notably providing a route to understanding the dynamism of the balance to be struck in the midst of the dual forces and the role of actions by key actors in this process. In adopting the duality view, attention is shifted to finding the appropriate and constructive tension and point of balance between countervailing forces.

However, managing the dual forces of global integration and local responsiveness is not only a critical, but also a challenging task in an MNC. There are two understated difficulties in managing the duality, both related to the nature of MNCs. First, MNCs face multiple layers of institutional contexts: on the transnational level, the trans-organisational level, and the national level of home country and host countries (Geppert et al. 2006). These multiple institutional forces all exert 'isomorphic pulls' on the MNC to follow a particular set of institutionalised practices (Geppert et al. 2006) and thus the result of balancing the dual forces, to a varying degree, might be dependent upon an MNC's degree of embeddedness in a particular layer of institutional environment. Second, MNCs can be considered as a 'contested social space' in which diverse actors with different power resources pursue their own interests (Edwards et al. 2007). As shown in the case study of the UK subsidiary of the US MNCs, even in the strong institutional pressures of the American business system, there remained a space for choice and negotiation by actors (Edwards et al. 2007). Due to this 'indeterminacy' and the struggles among actors with their own interests, an MNC proves to be a contested space. These contextual complexities and their political nature further precipitate the need to better understand key actors' perceptions and actions related to socio-procedural factors implicated in managing the duality of pressures in any attempt to account for the nature of the balance MNCs establish in their HRM practices.

Factors for moving the balance of dual forces in the HRM of MNCs

There has been recent and growing interest in the factors that contribute to the management of the dual forces in the complex organisational context of MNCs and particularly in the transfer of HRM practices to subsidiaries. Based on diverse theoretical perspectives on social capital, trust, knowledge management and procedural justice, this stream of research highlights the importance of intra-organisational factors, rather than solely emphasising external factors such as national institutional and cultural factors (Martin and Beaumont 2001; Lengnick-Hall and Lengnick-Hall 2006; Björkman and Lervik 2007; Björkman et al. 2009). Such intra-organisational factors can be classified into three broad categories: actor-related factors, relational factors and procedural factors.

Downloaded by [Lancaster University Library] at 06:13 21 January 2013

Actor-related factors

From the human capital and knowledge management perspectives, actors' capacity has been considered as a key factor for learning and knowledge sharing among different actor groups (Cohen and Levinthal 1990). Because managing the dual pressures in MNC is, to a large degree, related with a learning and knowledge sharing process among different parties in the MNC context, actors' capacity may be an important factor in managing the duality of HR in MNCs (Cohen and Levinthal 1990; Björkman and Lervik 2007; Björkman et al. 2009). Furthermore, in an organisational trust research, actors' competence in a particular area as perceived by their counterparts has been suggested as a basis of trust, which may be important in the contested contexts of MNCs (Mayer, Davis and Schoorman 1995). Particularly, knowledge of the context and expertise in HRM practices, which are possessed by actors both in MNC headquarters and in subsidiaries, emerges as critical for the transfer of HRM practices in the MNC context (McGraw 2004; Björkman et al. 2009).

Relational factors

Recently, there has also been a growing interest in applying social capital theory to HRM in general, and to HRM within MNCs in particular (Taylor 2007; Björkman et al. 2009; Sparrow, Brewster and Ligthart 2009). From a social capital perspective, the social ties and the characteristics of relationships are important factors in knowledge sharing within MNCs (Nahapiet and Ghoshal 1998). As managing the duality of IHRM is about mobilising resources that are embedded in social networks across the global HR function of MNCs, relational factors as informed by a social capital perspective promise to be highly relevant in this context of study. The particular factors typically considered are social interaction ties, trustworthy relationships and shared cognitions that constitute social capital between corporate and local actors (Lengnick-Hall and Lengnick-Hall 2006; Björkman and Lervik 2007; Taylor 2007; Björkman et al. 2009).

Procedural factors

Finally, from a procedural justice theory perspective, the perceived fairness of decision-making processes is considered to affect managers' attitudes and behaviour, such as greater acceptance of decisions and collaborative actions (Kim and Mauborgne 2005). In managing the duality of HR in MNCs, gaining legitimacy and trust from counterparts proves critical to collaboration among actors within a contested and complex domain. The procedural factors that have been suggested as important in this context include the involvement of multiple actors in the decision-making process and the application of change management skills (Björkman and Lervik 2007).

In general, the proposed factors above have been suggested as playing a part and helping set the context for HRM practice transfer from MNC headquarter to subsidiaries. However, since managing the duality is a social process based on the relationship between different actor groups, we believe that the suggested factors can weigh in both directions, towards global integration and local responsiveness, and therefore matter in understanding the dynamic movement of the balance between them.

In summary, addressing the largely static and deterministic views on the management of the dual pressures in the HR function of MNCs in the extant literature, this study pursues a core research question: From the perspective of corporate HR actors, what are the intra-organisational factors that contribute to moving the balance between global integration and local responsiveness towards the corporate HR actors' desired direction?

Downloaded by [Lancaster University Library] at 06:13 21 January 2013

Downloaded by [Lancaster University Library] at 06:13 21 January 2013

Methods

Research approach and cases

Since the purpose of this study was to explore a hitherto under-researched topic and identify inter-related factors within complex situations, a comparative case study method was adopted. The case study method 'focuses on understanding the dynamics present within single settings' (Eisenhardt 1989, p. 534), and despite posing certain limitations in terms of the generalisability of findings, by concentrating on an organisation in depth it allows researchers to uncover patterns and linkages amongst previously unidentified factors and contexts (Almond et al. 2005). To minimise the risk of being overly idiosyncratic by relying solely on a single case and in order to 'allow the special features of cases to be identified more readily' (Bryman 1989, p. 171), the study compares activities in two organisations, selected to reflect an intended range in the processes under scrutiny. The comparative case method can generate insights through identifying commonalities as well as differences in strategies and actions between two organisations. These issues are typically researched through the survey method, often relying on one respondent per organisation (e.g. Rosenzweig and Nohria 1994; Brewster et al. 2008). By contrast, this study draws on interviews with multiple key actors in each case study organisation, to provide a more multifaceted account of the array of perceptions and actions that inform decision-making processes entailed in managing the duality of pressures in practice. In order to remain open to actors' meanings and avoid rigidly imposing preconceived theoretical priorities, the research utilised an iterative orientation that was informed by the 'grounded theory' approach (Glaser and Strauss 1967). The research procedure is iterative in that a preliminary theory is derived from an initial data analysis and the preliminary theory is continuously revised through subsequent data gathering and analysis (Eisenhardt 1989).

The two case study organisations in this study are both Korean MNCs. We believe that they represent ideal settings to examine the management of the duality in HRM for a number of reasons. First, the case organisations face strong pressures for global integration due to their global presence, the nature of the industries they are in and their international strategies. These Korean MNCs are major global players in their respective industries, automotives and electronics, with significant global market shares and organisational spread (Table 1).

They are among the largest 10 and 15 MNCs in their industries, respectively, with sales in foreign markets having constituted around 80% of total sales in 2008 for both companies. As such, they are exemplars of successful MNCs from lately developed countries (UNCTAD 2006). Furthermore, the automotives and electronics industries have been regarded as examples of globally integrated businesses (Porter 1986) and therefore prove highly appropriate industries for raising the questions this study explores.

Table 1. Profile of two case study companies.

	Com-A	*Com-B*
Total sales (USD)	30.3 billion	26 billion
Total number of employees worldwide	77,000	84,000
Proportion of employees abroad	28%	66%
Proportion of sales abroad	79%	77%
Number of overseas subsidiaries	25	116

Source: 2008 Annual reports (currency adjusted by the annual average rate), Corporate websites.

The overseas operations of the companies include manufacturing plants, sales and marketing offices, service centres, R&D centres and design centres. Both companies publicly pronounce globalisation as one of the core themes of their corporate strategy. Global and/or regional integration strategies inform how they manage their supply chains as well as their R&D and manufacturing activities, while their marketing and sales activities are localised to each market.

Secondly, while their global integration efforts may mimic those of many of their counterparts based in Europe, Japan and the USA, these two MNCs have a different organisational quality in that their home country lacks a dominant status in the world economy. Compared with MNCs from dominant economies, they are therefore likely to face greater resistance from subsidiaries in the adoption of practices as formulated by the headquarters. Indeed, our fieldwork revealed that despite their intensive efforts for globalisation, these Korean MNCs face a particularly complex and challenging task in managing their overseas subsidiaries.

Thirdly, the case study organisations are well known in their home country for their recent intensive efforts in globalising their HR functions as a corporate-level strategic initiative. In recent years they have implemented global HR initiatives in their subsidiaries around the world simultaneously, involving general uniformity in implementation across diverse country locations against a backdrop of variability in the local contexts. The scope of these global HR initiatives includes most major practice areas. The broad geographical coverage of the global HR initiatives, their concurrent implementation in recent years and the diversity of practices have involved key actors in extensive direct experience of the duality of pressures in a wide range of contexts. In short, the case organisations provided the appropriate opportunity to explore the perceptions and actions of key actors in their active efforts to manage the pressures of global integration and local responsiveness in global HR initiatives.

Sources of data and research procedures

A total of 14 in-depth interviews were conducted with key actors in the two case companies in July 2009. In both companies, interviews were arranged through an initial key contact in corporate HR, with whom the interviewer had maintained close social ties originating from previous shared work experience. Only interviewees who had direct responsibility and involvement in planning, designing and implementing the global HR initiatives in their organisation at the corporate or the regional level were invited and included in the study. They mainly comprised of core senior members of the corporate HR planning team and international HR team and as such were well placed to articulate the strategy and actions of the MNC in depth (Table 2). We believe that examining corporate HR actors' perceptions and actions is a legitimate starting point to understand how MNCs

Table 2. Summary of interviewees' profiles.

Company		*Level*		*Department*		*Nationality*		*Sample job title*
A	8	Executive	4	Corporate/global HR	9	S. Korea	11	Senior Vice President HR
B	6	Senior manager	10	Regional HR	2	UK	3	HR Director
				Country HR	2			Senior manager HR
				Other (country GM)	1			Managing director

Downloaded by [Lancaster University Library] at 06:13 21 January 2013

Downloaded by [Lancaster University Library] at 06:13 21 January 2013

manage the dual pressures of global integration and local responsiveness at the HR function level. Although it does not cover the diverse (and important) views of other non-HR actors, there are several reasons why the perceptions of the HR actors themselves should be examined. First, corporate HR actors are one of the more influential actor groups implicated in the process of negotiating the balance between the dual pressures as they have formal and devolved responsibilities of developing, guiding or monitoring global HR strategy and practices in MNCs. Thus their role should not be underestimated, although they are not the sole key actor group. Second, given the extensive limitations on the practical possibilities to observe interactions among multiple actors in multiple sites of MNCs, accessing corporate HR actors' perceptions and actions provides a more manageable alternative, as their position enable and in fact demand them to interact with other actors across regions. Their perceptions and actions can therefore be seen as at least partially the outcomes of such interactions.

Interviews were carried out at the interviewees' workplaces and each interview lasted around one hour. They were semi-structured against a pre-designed interview protocol (see Appendix 1), but interview questions were designed to remain sufficiently open and flexible so as to avoid limiting the findings to pre-conceived themes and ideas and interviewees were also able to raise additional themes. These questions covered the following topics: the background and motives for globalising HR, the mode of globalising HR, the process of implementation, the key challenges and the major factors that the interviewees see as determining the implementation of global HR initiatives at the subsidiary level. In particular, interviewees with extensive experience with diverse subsidiaries were asked to identify successful and unsuccessful examples in the implementation process and reflect upon the factors that proved critical. Extensive notes were taken by the researcher during the interviews without tape-recording in order to encourage interviewees to provide open answers; as such discretion was appropriate in this research context. The interviews with executives and managers in the corporate headquarters in Korea were conducted in Korean and translated into English by the interviewer, who is proficient in both languages. Interviews with the British executives and managers were carried out in English. Supplemental documentation was collected after the interviews.

The data gathered through the field research was analysed following three steps. First, the data was coded according to pre-defined general categories such as motives of globalising HR, modes of IHRM orientation, results of implementing global HR initiatives and factors that influence the implementation. Second, themes were identified (e.g. 'the liability of country of origin considered in IHRM orientation') and descriptions or potential hypothetical arguments (e.g. 'the perceived lack of a strong sense of legitimacy prohibits the corporate HR actors from transferring their home country's HRM practices to the subsidiaries') were generated through interpreting the interview data in each category. Third, common key themes were identified and validated through comparing data across the interviews in the two organisations. The initial themes and the descriptions were modified and new themes were also allowed to emerge inductively. The focus of the data analysis was to uncover common patterns in actors' perceptions and actions by comparing the two Korean MNCs, rather than to highlight differences between them. To maintain the confidentiality of the interview data sources, the companies are referred to as A-Com and B-Com and each interviewee is identified as a combination of a randomly selected letter 'P' and a number from 1 to 14.

Findings

Both of the Korean MNCs had been transitioning their HR function from a multi-domestic state to a transnational state where they can be more globally integrated and simultaneously, more locally responsive. Evans et al. (2002) argue that building coordination networks, what they call 'organisational glue' mechanisms, is a key activity in this transition. Our findings largely support this argument. The case study organisations initially focused on building integration mechanisms such as global HR-related projects and teams, hybrid global HR templates accommodating both global standards and needs for localisation and the use of global best practices. However, in the implementation of the global initiatives, the companies faced serious resistance from their subsidiaries and hence considerable tensions inside the organisation. In this process, key corporate actors came to recognise the importance of a number of enabling mechanisms, notably a range of cognitive, social and procedural factors, in managing the duality of IHRM and in helping ensure the integration mechanisms being pursued were actually effective. Despite some differences over particularities, the overall key actors' perceptions and actions emerged to display very similar patterns across the two case study organisations. In the next section, we discuss these perceptions and the actions they informed (Table 3).

Utilising the hybrid model to manage duality

In this section, we summarise both companies' global HR initiatives, which can be characterised as the best practice-based hybrid model, and discuss their logics of action behind those efforts. The actors' interpretations regarding the result of implementing the hybrid model in each subsidiary are also discussed.

Global HR initiatives in a strategic change

Before the intensive efforts to globalise HR functions, foreign subsidiaries' HR functions in both companies had been operated independently and there was no formal control from the parent company. HR managers of subsidiaries were recruited from local markets and were responsible for operating their local HRM practice, reporting to the general manager of the subsidiary. As both MNCs strived to globalise their businesses quickly, they increased the number of overseas subsidiaries, including manufacturing plants and sales organisations, in rapid succession. Such rapid growth of global activity resulted in both companies facing various HR-related issues that were not readily resolved by their existing practices. Consequently, a constituency of actors in the corporate HR departments of both companies began to feel the need to introduce more advanced HRM practices in order to support the organisations' globalisation efforts and to contribute to long-term success.

In 2005, as part of the corporate-wide management innovation project, A-Com launched an HR innovation project with support from a major US-based multinational consultancy. The scope of work included an almost exhaustive array of HRM practices and the intention was to eventually deploy the newly developed HRM system in the overseas subsidiaries as well as at the headquarters in Korea. From 2006, the resulting plans for the HR innovation project were implemented selectively in the headquarters, while the corporate HR planning team started to revise the newly developed HRM system into a deployable version for foreign subsidiaries. After an initial draft was validated by local HR managers and HR expatriates, A-Com's 'global HR standard' was finally developed and deployed to each subsidiary in early 2007.

Downloaded by [Lancaster University Library] at 06:13 21 January 2013

Downloaded by [Lancaster University Library] at 06:13 21 January 2013

Table 3. Summary of key themes from the analysis of interview data.

Category	*Key theme*	*Description*
Motives of globalising HR	Global HR initiatives in a strategic change	To support the rapid growth of global business activity, corporate HR actors initiate the globalisation of their HR function
Modes of IHRM orientation	Global integration and localisation as a duality	Corporate HR actors acknowledge that both global integration and local responsiveness are mandatory requirements that need to be sought simultaneously
	Liability of country of origin considered in IHRM orientation	The perceived lack of a strong sense of legitimacy, as MNCs from a non-dominant economy, prohibits the corporate HR actors from transferring their home country HRM practices to the subsidiaries and drives them to search for external sources of legitimacy
Results of implementing global HR initiatives	Impact of host country's economic status	The subsidiaries in developing countries are perceived as more willing to adopt the global HR frameworks than those in developed countries
	Local implementation as a change management issue	The problem of local implementation is recognised as a change management issue, a transformation from a legacy practice to a new practice rather than cultural or institutional constraints issue
Factors that influence the implementation	Actor's HR expertise	Corporate HR actors' and local actors' capabilities in HRM are perceived to contribute to overcoming cultural and institutional constraints and to the management of duality in HRM of MNCs
	Social ties and trustworthy relationships	Social ties and trustworthy relationships among related actors in IHRM are perceived to contribute to the management of duality in HRM of MNCs
	Co-involvement in decision process	Actors' co-involvement in decision process is perceived to contribute to the management of duality in HRM of MNCs

In B-Com, the 'global HR system' development project was launched in 2005 and the roll-out process of new system to the subsidiaries was finalised in 2008. The global HR system consists of an HR structure and an HR information system. The HR structure includes policies and principles in all of the core areas of HR management. The global HR system has the kind of features that are generally associated with US-based MNCs' HRM practices. The system is supported by the HR information system based on an enterprise resource planning HR module.

Best practice-based hybrid model

A-Com's 'global HR standard' and B-Com's 'global HR system' are guidelines describing the desired features of the HR systems that their subsidiaries must adopt in order to gain a minimal consistency for global HR operations. They are hybrid models integrating the imperatives for global standardisation and localisation in that each module such as selection, evaluation, development and reward has mandatory components, which every subsidiary is required to comply with, and recommendatory components, which are recommended for application subject to subsidiaries' individual decisions. For example, in the performance management module, the mandatory components include the modes of evaluation as management by objectives and competency assessment; performance management process; a list and specific measures of core and leadership competencies; a five-point rating scale; annual evaluation of performance and competency; and standardised weights for evaluation factors. In each mandatory component, detailed rules and guidance are advised by corporate headquarter HR. On the other hand, recommended (but not compulsory) components include a list and specific measures of key performance indicators and job competencies; forced distribution ratios in each rating grade; the designation of an evaluator for each employee group; specific evaluation forms; the conduct of bi-annual performance appraisals and the linkage of performance evaluation to other HR systems. In the compensation module where a large degree of autonomy was given to subsidiaries, only the 'pay for performance' philosophy is mandatory while other components such as pay structure, pay bands and ranges, specific ways of base salary increases based on performance and formulae of performance incentives are recommended.

Unlike MNCs from developed countries, which usually impose their home practices to subsidiaries in a rather straightforward manner in attempts at global integration, both Korean MNCs opted to use so called 'global HR best practices' as a source of standardisation. The key features of the global HR frameworks could be characterised as Western-style HRM practices and in particular HRM practices of well-known US MNCs such as General Electric (GE) and IBM such as systematic definition of job roles, performance-based pay, promotion based on role change, and competency-based selection and development.

The use of what we call a 'best practice-based hybrid model' to manage the dual pressures of global integration and local responsiveness could be understood as a result of actors' interpretations of their unique contexts and the desired features of global HRM practices. Two key themes emerged as especially salient in the interviews. First, interviewees in both companies acknowledge that the needs of global integration and local responsiveness are not an either-or choice, rather, they see that both are mandatory requirements that need to be sought simultaneously. Second, the perceived lack of a strong sense of legitimacy, the 'liability of country of origin'(Chang, Mellahi and Wilkinson 2009) as MNCs from a non-dominant economy, was interpreted as potentially prohibitive for Korean MNCs in transferring their home country's HRM practices to the subsidiaries,

Downloaded by [Lancaster University Library] at 06:13 21 January 2013

driving them to search for external sources of legitimacy such as 'ready-legitimised' global best practices. The majority of interviewees expressed their view that it might be inappropriate to impose what they called 'Korean-style HRM practices', which could be mostly characterised as the seniority-based HRM system traditionally used in Korean firms, to subsidiaries and that adopting so called global best practices would be the better solution. Such perceptions were illustrated by a corporate HR planning senior manager as follows:

> We think Korea is still perceived as the periphery of the world. It might be nonsense if we stick to the Korean way of doing (things) and even impose it to subsidiaries. That's why we actively adopt what we call 'global best practices' as the basis of our global HR standard and make a room for localisation, even though we (ourselves) also have the challenge to adapt to the new system (A-Com, P2).

It should be noted that the Western-style HRM practices, especially those of US-based MNCs, have been widely introduced to Korean companies since the Asian financial crisis in 1997 (Bae and Rowley 2003). These practices were strongly perceived as so called 'best practice' to follow in order to ensure competitiveness in the global market. However, there may be continuities as well as changes in the HRM systems (Bae and Rowley 2003) of Korean MNCs, and the scope and depth of changes could differ according to the particular context of each company. Like many other Korean firms, the case companies have tried to move their HRM practices away from the traditional Korean HRM system, which could be characterised as seniority-based, to a largely performance-based system. However, the interviewees argued that their HRM systems could best be described as a mix of seniority-based and performance-based elements. For example, while the base salaries of non-managerial employees in A-Com were based on seniority, the pay system for managers was a performance-based merit system, even though seniority was reportedly still an important consideration in its operation. Though an objective definition of 'Korean-style HRM practices' demands further discussion, in the context of our study the interviewees simply used the term to refer to the unchanged elements in the HRM systems of their companies, mostly related to the issue of seniority.

Tensions in implementation

Interviewees from both companies consistently highlighted the significant variations in the degree of cooperation among the subsidiaries in the adoption of the best practice-based hybrid model. The subsidiaries in emerging countries were generally perceived as more willing to adopt the global HR frameworks. In most cases, these units had been newly established and were said not to have their own HR practices. On the other hand, the subsidiaries in developed countries were seen as tending to show low degrees of acceptance of the global HR frameworks. In many cases, these subsidiaries already had their own legacy practices, namely subsidiary HR practices developed by local HR staff who reportedly often expressed the belief that their practices were already the global best practice from their points of view and cast doubt on the capability of headquarters' plans to improve on these. The account of an HR senior manager at the headquarters illustrates this view:

> One of the key differentiators in the degree of acceptance is the economic status of host country. It was quite challenging to persuade our subsidiaries in the developed countries, especially the U.S., Japan, Germany and some Western European countries, to implement the Global HR Standard. Their first reaction was 'why should we change our practice, even though ours are already the best practice?' They showed and explained us their practices quite

Downloaded by [Lancaster University Library] at 06:13 21 January 2013

> defensively. I understand their reaction, because it can be perceived as a threat to their autonomy. Also, there is lack of trust. It might be odd to them that someone from the peripheral region in the world is talking about 'global best practice' (A-Com, P3).

Initially, the corporate HR actors in both companies expected that the contents of their global HR frameworks had distinctly advanced and 'global' characteristics and would therefore be well accepted by subsidiaries. They were therefore surprised when they faced negative responses to the global HR frameworks from the subsidiaries located in the developed countries. The reasons for this local resistance were discussed by interviewees from both companies. The local institutional or cultural contexts of the host country could be expected to emerge as a key constraint in efforts to implement corporate-wide HR standards. Curiously, such factors did not figure prominently in the accounts of interviewees as major obstacles to the adoption of new practices in subsidiaries. Their view was that although some practices such as pay grades, rewards and benefits tend to be more influenced by local institutional contexts, there was considerable room for the corporate actors to exercise discretionary power in deciding and pursuing a particular type of practice in most HRM areas. More importantly, they observed that the implementation of a global HR standard was much more dependent on the pre-existence or absence of a legacy practice, regardless of its embeddedness in the host country. In this sense, the problem of local implementation was recognised primarily as a change management issue, a transformation from a legacy practice to a new practice, as is evidenced in the quote below:

> If there was no legacy practice in a subsidiary, the global HR system was quite well accepted. However, if there was a strong legacy practice, it would become a barrier in introducing a new one, which means some degree of resistance would be very natural. One reason is that the legacy system is closely related with the power and authority of local managers. The origin of legacy practice, whether it is based on locally common practice or not, may not be a big issue (Com-A, P2).

This view was corroborated by the companies' experiences with their US subsidiaries. In both organisations, these subsidiaries initially showed negative responses to the global HR frameworks. That the practices were staunchly resisted by the subsidiaries in a country that could largely be seen as the origin of such practices presented an interesting irony. If the institutional contexts of host countries were a key determinant to the subsidiaries' HRM practices, it would have been expected that the US subsidiaries would be quick and eager to adopt the global HRM practices primarily shaped by US style templates. The argument regarding the institutional embeddedness in the host country as a key determinant in where the balance of dual pressures gets to be established hence appears to have limited use in explaining this case.

Cognitive, social and procedural factors in managing the duality

Initially, the corporate HR actors of both companies focused on the content of the global HR framework. They expected that they could manage the duality of global integration and local responsiveness through the best practice-based hybrid model. However, unexpected tensions arose in the implementation process. After a number of years of struggling, the corporate actors of both companies were able to recognise the importance of socio-procedural factors in managing the duality. They concluded that several factors distinguished the subsidiaries where the desired results in implementation had been achieved from the others. Consistent with the arguments aforementioned in the literature review, their views emphasised the significance of three factors in managing the duality of global integration and local responsiveness, which we discuss individually next.

Downloaded by [Lancaster University Library] at 06:13 21 January 2013

Downloaded by [Lancaster University Library] at 06:13 21 January 2013

Actor's HR expertise

A key factor that the interviewees saw to have a significant impact on the implementation of the global HR frameworks was the HR functional expertise of corporate actors. The expertise in a particular function of a parent company, as perceived by local employees, was suggested as an important enabler in transferring a practice to subsidiaries. A key HR leader who had been dedicated to globalising HR initiatives for more than 4 years explained this in the following way:

> The capability of a function is very important when we transfer our practices to local subsidiaries. For example, the R&D function in our company is perceived by local employees to have a very strong and advanced capability. Whenever the researchers and engineers in our U.S. research centre visit the R&D labs at the headquarters, they are deeply impressed by its advanced technological capabilities. After interacting with key researchers at the headquarters, they become more positive in learning from them. Similarly, when we show some professional expertise in our area [HR], local people would be more willing to follow us (Com-A, P4).

Importantly, the corporate HR's functional expertise was frequently mentioned as a possible contributor to overcoming cultural and institutional barriers. Such expertise was seen as critical to building trust by local actors, supporting the claims around 'competence-based trust' in the organisational trust literature (Mayer et al. 1995):

> If local people could trust our capability in HR, cultural differences and institutional barriers become minor issues to a great extent. If we fail to show our capability, it would be very difficult to gain trust from them. The issues of cultural differences and institutional constraints really emerge as a source of resistance by local HR (Com-B, P13).

The capability of the local HR staff was also pointed out as an important factor in implementing the global HR standards. Accordingly, if the local HR staff do not possess sufficient core knowledge and skills in the HR area, their ability to interpret and apply the global HR framework appropriately in their local situation is seen as seriously compromised:

> The most significant barrier in implementing the global HR system is the lack of capability in our local HR. The global HR system is a guideline and there still remains a lot of work to be done to reflect the local situation. When local HR staff have limited experience in this kind of work and have only handled administrative tasks within pre-defined rules and procedures, they have difficulty in even understanding this, and thereby can't apply it to their local context (Com-B, P12).

However, local HR staff's capability was perceived as a double-edged sword by some interviewees. They asserted that there is a possibility that the local expertise could be a source of power to resist against the implementation of the global standard, especially if combined with the local HR staff's interests in maintaining their current status:

> It is true that the capability of local HR staff is a basic requirement of successful implementation of global HR. But, if the deployment process is one-directional and there is lack of initial communication and strong social relationship between corporate HR and local HR, the competent local HR managers tend to show negative response to the global HR initiated by corporate HR (Com-A, P5).

It is important to note that, as evidenced in the quotes above, the interviewees perceived the aforementioned factors as closely inter-related rather than discrete. This might indicate that there might be logics or constructs that underlie these factors. More importantly, there was evidence that the perceptions informed and led to concrete courses of action. For example, Com-B showed their recognition of the importance of actors'

capabilities by staffing key positions of global HR function with persons who had strong career track records in MNCs.

Social ties and trustworthy relationships

Through the experience of implementing their global HR initiatives to subsidiaries, the corporate HR staff in both companies recognised the importance of the relationships among key actors in the world-wide HR function. They believed that through building a community of practice in the HR function across the globe, a common understanding, languages, as well as common tools could be shared to foster the collaboration beyond regional boundaries and interests. An HR director who had extensive experience in MNCs emphasised these factors as such:

> If you want to do something in a global organisation, the relationship is a key. You should spend as much time as you can to talk and build relationships with colleagues in other region. This relationship is a foundation to act in a truly collaborative way. Through this we can gain a common perception and understanding to communicate and orient ourselves toward a bigger goal of the entire organisation (Com-B, P14).

The corporate HR actors realised that responses to requests of cooperation by local HR staff became much more supportive, and the process of implementing corporate HR initiatives generally much smoother, after building contacts with other locations:

> One of the important outcomes through our efforts in globalizing HR is the cooperative network among the global HR practitioners. We can communicate more openly with our local staff and they are more willing to cooperate with us now (Com-A, P4).

Both companies' conscious efforts to build social networks among HR practitioners in each foreign location through the use of a range of methods such as regular newsletters, conference calls for HR practitioners and global HR conferences appear to have been informed by the perceived significance of social ties. As driven by a new CEO who expressed a strong vision for the company to become a 'truly global company', B-Com pursued a 'global HR leadership' agenda by appointing foreign nationals as HR directors for regional headquarters and HR managers for subsidiaries, and as the chief HR officer and HR directors at the corporate headquarters. One of the key responsibilities for them was seen as building strong networks and communication channels between the corporate centre and foreign subsidiaries. The undertaking reflected a belief that building social ties and positive relationships among actors across borders would be a key task and this task could be performed more effectively by non-Korean leaders who were believed to be able to overcome cultural and language barriers more easily.

Co-involvement in decision process

With the weak authority of the centres based in Korea, a 'top–down' approach faced significant challenges from local subsidiaries. It was repeatedly mentioned by the interviewees that early involvement of key stakeholders including local HR managers in the decision and implementation process, as well as sustaining intensive communication, was all the more critical in the implementation of the global HR frameworks by subsidiaries in the case study companies. The experiences of a key actor who had been involved in the implementation process with every subsidiary highlight the importance of procedural justice in addressing the challenge of weak legitimacy:

> Previously, our approach was quite top–down in that, first, planning and design by corporate staff and then deploying it to each subsidiary. It was not working well. Subsidiaries didn't

Downloaded by [Lancaster University Library] at 06:13 21 January 2013

> willingly follow and meet our expectation, and it was also difficult to monitor the execution. Now, we are trying to involve our local staff in the initial phase of the decision-making process. Clearly, they are more willing to collaborate and execute. Also, they can significantly contribute to the initial planning with their expertise in their local market (Com-B, P12).

This view from the centre was also corroborated by an HR manager in a subsidiary:

> As a local manager, it would be difficult to accept and follow the global HR standard which was suddenly thrown to subsidiaries. It is a very sensitive and important issue to our people in this region. Co-development, our involvement and intensive communications from the beginning are keys to success for this kind of work. Also, corporate people should come here to understand our local situation (Com-A, P6).

From the local point of view, fairness in decision making is critical in the cooperation between corporate and local actors, because changes in HRM practices might have a considerable impact on local employees. Also, corporate HR actors could understand each local situation more fully, such understanding providing an important input in the development of more realistic practices. It was reported that the implementation processes in subsidiaries that corporate HR actors personally visited in the early phase of implementation, and where they engaged in practical forms of communication and cooperation, proved far more successful.

Though the two firms selected in this study were in different industries, we observed far greater similarity than differences in terms of their approach in defining the hybrid model of HRM practices, as well as their recognition of the importance of cognitive, social and procedural factors in moving the balance between the dual forces. However, we note one major difference in the approach to staffing key positions in the global HR organisation: unlike A-Com, which filled corporate HR executive and senior manager positions with Korean nationals, B-Com hired foreign nationals who had significant experience of global HR management to fill senior HR positions in their corporate and regional headquarters in an initiative undertaken just before the period of data collection. Though this difference in the staffing of the HR organisation may indeed have some implications for the planning and implementation of corporate HR initiatives, given the recent nature of changes in B-Com, we believe the data collected for this study would not sufficiently allow for an assessment of the full effects of any subsequent differences between our case companies.

Discussion

Addressing the limitations of the static and deterministic views on the management of dual pressures in the HR function of MNCs in the current literature, this article has examined corporate actors' perceptions regarding the intra-organisational factors that prove critical in attempts to achieve the desired balance as well as a range of actions informed by these perceptions in the context of two Korean MNCs. The empirical findings show that, notwithstanding the difficulties caused by MNCs' contextual complexities and the contestation between different actors inside them, corporate HR actors perceive a number of factors as more immediately relevant for negotiating the balance of the duality. Though a survey of perceptions alone does not allow for an assessment of the real impact of these factors, understanding these perceptions is vital because they go on to drive a particular course of strategic action inside MNCs, demanding and consuming considerable time and effort, as evidenced by the experiences of the two case MNCs.

There are four theoretical implications that arise from the study. First, unlike the focus of previous research on the influence of contextual factors on IHRM practices, our

Downloaded by [Lancaster University Library] at 06:13 21 January 2013

empirical findings highlight the significance of the role of intra-organisational factors, particularly the role of perceived HR expertise, social ties and trustworthy relationships and co-involvement in decision process, in managing the dual forces. Though the case organisations in our study faced local resistance to their global HR initiatives, the key actors interviewed attributed the resistance not to cultural differences but to socio-procedural factors within their transnational organisations. They did not perceive a host country's unique culture and institutional context as a fixed and objective constraint, but rather believed that it was possible to negotiate around differences, shape the relationship and thus overcome any obstacles arising from the cultural differences, provided a range of internal socio-procedural conditions were met. As Ailon-Souday and Kunda (2003, pp. 1073–1074) have claimed, the dominant view in cross-cultural research tends to treat national culture as an 'objective and cognitive essence' that strongly constrains the forces of globalisation. The findings of our study lead us to further questions: Can the intra-organisational factors override cultural influences or local resistance? Or can they moderate the relationship between cultural distance and local acceptance? Though our current research does not address these questions, our findings suggest these are further avenues of inquiry worth pursuit and make it clear that more research on the intra-organisational factors would be a fruitful direction in the studies of the management of duality in HRM of MNCs.

Secondly, our findings show that what is crucial in managing the duality of IHRM is not only the source and content of HRM practices, but also the socio-procedural factors that are established through the actions of corporate actors in the process of design and implementation of such practices. After the case organisations experienced difficulties despite their attempts to manage the dual pressures by adopting a hybrid model, they recognised that it would be such socio-procedural factors that would make the real difference. This finding has important implications for the current debates around the need to develop institutionalist accounts in the study of MNCs in that it supports the argument that actors' social construction may well be an important mechanism in establishing legitimacy in MNCs as the isomorphism, which refers to simple adoption of seemingly legitimised practices (Kostova and Roth 2002; Kostova, Roth and Dacin 2008). However, in understanding the processes of institutionalisation involved, we believe that there is still room for further development in understanding what these are, and that recent understanding of the role of social capital, trust, knowledge management and procedural justice can help provide insight into these processes. Also, in moving our attention away from merely observing the particular configurations of HRM practices to identifying the socio-procedural mechanisms that have significant implications for management, an emphasis on key actors and their perceptions and actions proves useful.

Thirdly, we have observed that key actors do not perceive the factors they identify as critical as independent in their effect, but rather as inter-related with one another. There may indeed be strategic logics or constructs that underlie these factors and tie them together. One of the potential constructs that was salient in our data may be articulated as trust. Due to the contested nature of MNCs, managing the duality of HRM in MNCs would entail risk and vulnerability for both headquarters and subsidiaries. As shown in the quote of a local manager, the global HR initiatives were perceived to have serious implications for local employees. In the context of risk, trust is likely to function as an important mechanism which enables collaborative behaviour between different parties (Rousseau, Sitkin, Burt and Camerer 1998). The three factors identified in this research such as HR expertise, relationships and co-involvement in decision process could be interpreted as being related with different forms of trust, for example, competence-based, relational and

Downloaded by [Lancaster University Library] at 06:13 21 January 2013

institution-based trust (Mayer et al. 1995; Rousseau et al. 1998). Researchers need to now identify the underlying constructs that guide the actions in the three areas we have discussed here.

Fourthly, the unique contexts of the MNCs from a lately developed country highlight the significance of the 'liability of country of origin', a home country effect which differs from most previously studied cases. In their strategy making process, corporate HR actors in the case organisations deliberately considered their home country status in the hierarchy of national economies and adopted the best practice-based hybrid model instead of imposing their home country practice to subsidiaries. It could be argued that in an MNC from a dominant country, its country of origin tends to enable the transfer of parent company's practices to subsidiaries, whereas in an MNC from a lately developed or developing country, this might restrain the transfer of parent company's practices due to the perceived lack of legitimacy. Possibly, the 'company status' interplays with the 'national economic status'. For example, one might hypothesise that if a company based in a less developed country has a strong position in foreign markets, it might act in a way similar to the leading companies from developed countries and thus the company status may dilute the national economic status effect. However, we did not find any clear evidence of the company status effect in the case companies in our present study. Even though the two firms enjoyed company status as major global players in their industries, corporate HR actors in these companies still felt a certain lack of legitimacy as a company from a lately developed country and deliberately sought external sources of legitimacy such as 'ready-legitimised', so called, global best practices. However, this finding cannot be generalised without further evidence from research with global leading companies from other non-developed countries.

Downloaded by [Lancaster University Library] at 06:13 21 January 2013

Conclusion

Through a comparative case study based on in-depth interviews with key actors, this study makes several contributions. First, it addresses the lack of empirical research on the intra-organisational factors involved in the management of the duality in HR of MNCs. Second, through examining the perceptions and actions of key actors in particular MNCs in depth, this research identifies a number of inter-related factors that these actors perceive as pertinent to negotiating dual pressures and which have hitherto not been recognised in the IHRM scholarship. Third, this study addresses the lack of attention to the efforts to globalise HR function by MNCs from lately developed countries, which are becoming more prominent in the world economy.

This research focuses on the corporate HR actor's perspective. As such, the study does not fully encompass the local HR actor's actions, which may be critical. Future research should complement our findings with regard to the socio-political perceptions of corporate actors with studies of different actors' perspectives. A focus on the mutuality and complementarities between both sets of actor's perceptions would enable us to assess objectively the significance of those perceived factors. To understand how to manage the delicate balance of the dual forces, an examination of how contexts are interpreted and enacted by a variety of groups of actors promises to be highly useful. In apparently similar notions of practices, there is still room for variation due to the different interpretations and logics of actions by key actors (Budhwar and Sparrow 2002). Finally, we recognise that there remain unanswered questions as to why these factors are particularly important in this context, and what common threads or constructs underlie these factors. We have conducted exploratory research that has served the purpose of generating the main perceptual factors

that guide the actions of corporate actors in managing the duality balance in their favour. Now that the main constructs have been identified by this research, future research could develop a theoretical model based on these constructs and the relationships among them, and test the theoretical model with a larger data set.

References

Ailon-Souday, G., and Kunda, G. (2003), 'The Local Selves of Global Workers: The Social Construction of National Identity in the Face of Organizational Globalization,' *Organization Studies*, 24, 1073–1096.

Almond, P., Edwards, T., Colling, T., Femer, A., Gunnigle, P., Muller-Camen, M., Qluntanilla, J., and Wachter, H. (2005), 'Unravelling Home and Host Country Effects: An Investigation of the HR Strategies of an American Multinational in Four European Countries,' *Industrial Relations*, 44, 276–306.

Bae, J., and Rowley, C. (2003), 'Changes and Continuities in South Korean HRM,' *Asia Pacific Business Review*, 9, 76–105.

Björkman, I. (2006), 'International Human Resource Management Research and Institutional Theory,' in *Handbook of Research in International Human Resource Management*, eds. G.K. Stahl and I. Björkman, Cheltenham: Edward Elgar, pp. 463–473.

Björkman, I., Barner-Rasmussen, W., Ehrnrooth, M., and Mäkelä, K. (2009), 'Performance Management Across Borders,' in *Handbook of International Human Resource Management*, ed. P. Sparrow, Chichester: John Wiley & Sons, pp. 229–249.

Björkman, I., and Lervik, J.E. (2007), 'Transferring HR Practices within Multinational Corporations,' *Human Resource Management Journal*, 17, 320–335.

Brewster, C., Wood, G., and Brookes, M. (2008), 'Similarity, Isomorphism or Duality? Recent Survey Evidence on the Human Resource Management Policies of Multinational Corporations,' *British Journal of Management*, 19, 320–342.

Bryman, A. (1989), *Research Methods and Organization Studies*, London: Unwin Hyman.

Budhwar, P.S., and Sparrow, P. (2002), 'Strategic HRM through the Cultural Looking Glass: Mapping the Cognition of British and Indian Managers,' *Organization Studies*, 23, 599–638.

Chang, Y.Y., Mellahi, K., and Wilkinson, A. (2009), 'Control of Subsidiaries of MNCs from Emerging Economies in Developed Countries: The Case of Taiwanese MNCs in the UK,' *The International Journal of Human Resource Management*, 20, 75–95.

Cohen, W.M., and Levinthal, D.A. (1990), 'Absorptive Capacity: A New Perspective on Learning and Innovation,' *Administrative Science Quarterly*, 35, 128–152.

Edwards, T., Colling, T., and Ferner, A. (2007), 'Conceptual Approaches to the Transfer of Employment Practices in Multinational Companies: An Integrated Approach,' *Human Resource Management Journal*, 17, 201–217.

Eisenhardt, K. (1989), 'Building Theories from Case Study Research,' *The Academy of Management Review*, 14, 532–550.

Evans, P. (1999), 'HRM on the Edge: A Duality Perspective,' *Organization*, 6, 325–338.

Evans, P., Pucik, V., and Barsoux, J.-L. (2002), *The Global Challenge: Frameworks for International Human Resource Management*, New York: McGraw Hill-Irwin.

Geppert, M., Matten, D., and Walgenbach, P. (2006), 'Transnational Institution Building and the Multinational Corporation: An Emerging Field of Research,' *Human Relations*, 59, 1451–1465.

Glaser, B., and Strauss, A. (1967), *The Discovery of Grounded Theory: Strategies of Qualitative Research*, London: Wiedenfeld and Nicholson.

Kim, W.C., and Mauborgne, R. (2005), 'Procedural Justice Theory and the Multinational Corporation,' in *Organization Theory and the Multinational Corporation*, eds. S. Ghoshal and D.E. Westney, New York: St. Martin's Press, pp. 222–240.

Kostova, T., and Roth, K. (2002), 'Adoption of an Organizational Practice by Subsidiaries of Multinational Corporations: Institutional and Relational Effects,' *Academy of Management Journal*, 45, 215–233.

Kostova, T., Roth, K., and Dacin, M.T. (2008), 'Institutional Theory in the Study of Multinational Corporations: A Critique and New Directions,' *Academy of Management Review*, 33, 994–1006.

Downloaded by [Lancaster University Library] at 06:13 21 January 2013

Lengnick-Hall, M.L., and Lengnick-Hall, C.A. (2006), 'International Human Resource Management and Social Network/Social Capital Theory,' in *Handbook of Research in International Human Resource Management*, eds. G.K. Stahl and I. Björkman, Cheltenham: Edward Elgar, pp. 475–487.

Martin, G., and Beaumont, P. (2001), 'Transforming Multinational Enterprises: Towards a Process Model of Strategic Human Resource Management Change,' *The International Journal of Human Resource Management*, 12, 1234–1250.

Mayer, R.C., Davis, J.H., and Schoorman, F.D. (1995), 'An Integrative Model of Organizational Trust,' *The Academy of Management Review*, 20, 709–734.

McGraw, P. (2004), 'Influences on HRM Practices in MNCs: A Qualitative Study in the Australian Context,' *International Journal of Manpower*, 25, 535–546.

Nahapiet, J., and Ghoshal, S. (1998), 'Social Capital, Intellectual Capital, and the Organizational Advantage,' *The Academy of Management Review*, 23, 242–266.

Porter, M.E. (1986), 'Changing Patterns of International Competition,' *California Management Review*, 28, 9–40.

Rosenzweig, P.M. (2006), 'The Dual Logics Behind International Human Resource Management: Pressures for Global Integration and Local Responsiveness,' in *Handbook of Research in International Human Resource Management*, eds. G.K. Stahl and I. Björkman, Cheltenham: Edward Elgar, pp. 36–48.

Rosenzweig, P.M., and Nohria, N. (1994), 'Influences on Human Resource Management Practices in Multinational Corporations,' *Journal of International Business Studies*, 25, 229–251.

Rousseau, D.M., Sitkin, S.B., Burt, R.S., and Camerer, C. (1998), 'Not So Different After All: A Cross-discipline View of Trust,' *The Academy of Management Review*, 23, 393–404.

Sparrow, P., Brewster, C., and Ligthart, P. (2009), 'Globalizing Human Resource Management: Examining the Role of Networks,' in *Handbook of International Human Resource Management*, ed. P. Sparrow, Chichester: John Wiley & Sons, pp. 363–387.

Taylor, S. (2007), 'Creating Social Capital in MNCs: The International Human Resource Management Challenge,' *Human Resource Management Journal*, 17, 336–354.

UNCTAD (2006), *World Investment Report 2006: FDI from Developing and Transition Economies: Implications for Development*, New York and Geneva: United Nations Publication.

Downloaded by [Lancaster University Library] at 06:13 21 January 2013

Downloaded by [Lancaster University Library] at 06:13 21 January 2013

Appendix 1

List of interview questions.

Topic area	*Interview questions (Introductory/Main/Probing)*
Motives of globalising HR function	(IQ1-I1) Could you briefly describe the changes or history of your company's policy in HR management of subsidiaries? (IQ1-P1) What is the meaning and implication of 'globalisation' in HR of your company? (IQ1-M1) HR is frequently said to be one of the most difficult areas to integrate globally in an MNC. What are the major reasons that your company start to globalise the HR function? (IQ1-P2) Was there any event that trigger for your company to drive globalisation of HR? (IQ1-M2) What is the specific business requirement for the HR function to globalise towards a 'global' vision of your company? (IQ1-P3) Without the globalisation of HR, is it impossible to attain such a 'global' vision of your company? Why? (IQ1-M3) Could you describe any (internal and external) pressure to the HR function of your company to rationalise its role towards the 'global' vision of a company? (IQ1-P4) Who is the (internal and external) key stakeholder or 'owner' of the global HR agenda? (IQ1-P5) Explain stakeholders' specific interests or needs regarding the globalisation of HR, if any. Why is your company so much concerned about it, if it is?
Strategy and actions in order to respond to the requirement of global integration and local responsiveness	(IQ2-I1) What are the key issues, challenges and strategic tasks in HR to support the globalising business of your company? (IQ2-P1) Is there any unique issue in globalising HR as a Korean MNC? (IQ2-M1) Could you describe your company's 'global' HR direction or orientation to manage subsidiaries at the corporate level? What is the source? (e.g. Home country's practice, internal best practice, external best practice, etc.) (IQ2-P2) What are the major factors or considerations in determining the global HR direction of your company? (IQ2-P3) What is the specific consideration in global HR direction to overcome the challenges as a Korean MNC? (IQ2-M2) What are the different challenges to the globalisation of HR function according to the home country and host countries of subsidiaries and corresponding strategies to respond to those challenges? (categories of subsidiaries: geography, culture, stage of economic development of host country, strategic importance, etc.)

Downloaded by [Lancaster University Library] at 06:13 21 January 2013

	(IQ2-M3) What is the focus of integration or localisation in areas of HR sub-function or HR management? (e.g. Area of HR management: HR principles, HR practices, people, HR organisation/role and responsibilities, HR IT system, corporate culture, etc.)
Major factors that determine implementation of global HR initiatives at the subsidiary level	(IQ3-I1) Could you describe any global HR initiative or project introduced in your company? (title of project, timing, project objective, scope of work, project approach, project organisation, result) (IQ3-P1) What are the major challenges and influencing factors in implementing those global HR initiatives at the subsidiary level as a Korean MNC? (IQ3-M1) Could you suggest any lessons in implementing the global HR initiatives with examples? (IQ3-P2) Do you think that the global HR initiatives could be implemented as their initial intention? Why? (IQ3-P3) What would be the key factors for successful implementation of global HR initiatives? *Questions for UK subsidiary* (IQ3-P4) Explain the development and current status of HR practices in your organisation (UK subsidiary) in terms of global integration and/or localisation (IQ3-P5) Describe any challenge faced by Korean MNCs like yours in managing people in the UK (IQ3-P6) Describe the issues and (possible) resolutions when a company implements a global HR standard which stems from corporate headquarter (IQ3-P7) Describe how to collaborate and coordinate with corporate HR regarding HR-related matters