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### Introduction: Global human resource management and economic change: a multiple level of analysis research agenda

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## INTRODUCTION

### **Global human resource management and economic change: a multiple level of analysis research agenda**

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The papers in this special issue can be traced back to a Work Employment and Society (WES) Conference held at the University of Brighton in 2010 on the topic of ‘Managing Uncertainty: A New Deal? International challenges and the changing face of work’. It questioned what the potential consequences of the incredible turbulence experienced in the wake of the 2008 banking crisis might be – by any measure seismic and erratic changes in economic affairs – and asked whether or not the political, economic and social forces that currently exist would be able to forge a new social compromise? The global reverberations of the events that first became visible in 2008 were seen in terms of rapidly rising unemployment rates; unprecedented post-war government intervention in the management of the economy and wide-ranging consequences for labour and the management of labour.

One of the key themes within this conference examined the challenge of global human resource management and how this was potentially changing the face of work. From the conference, it became clear that international human resource management (IHRM) researchers need now to examine the competing forces of globalisation both within and without firms, and to better understand how comparative institutional factors and firm-level strategies influence the management of human resources in these globalised and globalising organisations. This special issue on ‘Global HRM and Economic Change’ brings together a selection of papers that began life at the WES conference.

#### **Economic uncertainty**

A context of continued economic uncertainty becomes evermore apparent as world events unfold, and will likely continue to reverberate for perhaps a decade ahead. Consider some brief statistics that signal the scale, complexity and uncertainty of economic change in terms of the world economy, and the multiple scenarios and contingencies that multi-national corporations (MNCs) must now navigate their way through. The financial crisis was generally considered to be caused by a combination of under-regulated financial systems and global imbalances, where Asian surpluses financed American deficits. With a market share of 11.4%, China is now the world’s third largest economy after the USA (20.6%) and the European Union (21.3%) and Japan ranks fourth with 6.2% of world gross domestic product (GDP). By May 2010, China had amassed \$2447 billion of foreign exchange reserves held by the country’s central bank, and when the corporate reserves are taken into

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account, it has a surplus of \$4–5 trillion which is nearly one-fourth the size of the US economy. With the bulk of its reserves invested in the dollar-denominated bonds (including the US treasury bills worth \$900 billion), it is financing the consumption of Chinese goods by the USA, creating dependence of the dollar on Chinese investment strategies. Fourteen per cent of Chinese overseas investment is in sub-Saharan Africa, with 19% to Latin America, 17% to the Middle East and North Africa, 17% to other parts of Asia, 13% to Europe, 11% to Australia and only 9% to the USA. Total Chinese foreign direct investment (FDI) in the USA was a mere \$1.2 billion in 2008, but the economic crisis brought a major change in the scenario and the flow of Chinese FDI is estimated to have increased five times to \$6.4 billion by 2010.

Yet even before the crisis, in 2007, the euro zone had replaced the USA as the largest importer of Chinese goods and was also the second largest exporter to China, selling \$127.7 billion worth of goods to China in 2009. The euro zone is also collectively the largest trading partner of the USA – in 2009 alone importing \$220 billions of goods and services. In addition to holding US debt, China holds \$630 billion of euro debts. After the Greek and Irish crises and the spread of financial contagion to Portugal, Spain and Italy, the euro zone remains in a serious crisis and the spectre of a second financial crisis remains, with three possible scenarios of muddle through, break-up with disorderly debt restructurings and the possible exit of weaker members, or greater integration implying some form of fiscal union.

### **A new economic topography and mobility demography**

Economic power, the story goes, is shifting to emerging markets. However, when we consider the action of MNCs, the rhetoric of unfettered growth in emerging markets similarly hides complexities and uncertainties. Brewster, Sparrow, Vernon and Houldsworth (2011) draw attention to the complex forces at play behind this trend. It was in 2003 that economists at Goldman Sachs bracketed Brazil with Russia, India and China (now widely referred to as the ‘BRIC’ countries) as the economies that would come to dominate the world. Clearly some of these emerging markets merely evidence traditional regional strategies reflecting past cultural and institutional linkages. So, for example, whilst the Spanish economy was contracting in 2009, Spanish MNCs capitalised on their long-standing Latin American connections. That year Telefónica, the telecommunications company, made \$100 billion of investments in Latin America, representing about a third of its value. Santander made 43% of its profit there. However, at the same time, Spanish MNCs made large acquisitions in Europe and the USA to balance their exposure to Latin America.

MNCs pursue traditional patterns of trade, but also hedge their bets across geographies resulting in new patterns of mobility and trade, which in turn require new academic understanding. Chinese expansion into Latin America and Africa creates both a new economic topography and international mobility (IM) demography (see the paper by Sparrow, this volume, for a reflection of how this impacts internal IM functions). China has now become Africa’s largest trading partner and buys one-third of its oil from the continent. It exports \$60 billion to Africa and imports a little more from Africa. In 2009, the China Development Bank and Sinopec lent \$10 billion to Brazil’s state-controlled oil company Petrobras in return for 10 years supply of oil. As FDI has gone into Brazil, it has spawned a new set of Brazilian MNCs. Out of a list compiled by Boston Consulting Group of 100 companies from the emerging markets that are expected to evolve into MNCs, 14 are based in Brazil (*The Economist*, 2009). There is considerable new territory to understand country-of-origin effects.

### Complex productivity and arbitrage considerations

Much is spoken about relative levels of productivity around the world driving investment and growth. Much of China and the USA's gains in productivity were due to capital investment rather than true improvements in efficiency. From 1990 to 2008, Organisation for Economic Co-operation and Development (OECD) data on 'total factor productivity' – the percentage increase in output that is not accounted for by changes in inputs – showed that China still had an annual growth rate of 4% in productivity. No other country in history has enjoyed such rapid productivity gains. On the same measure and time period, productivity increases were 2.8% in India, 2.3% in Singapore and 1.8% in Thailand, falling to 1.2% in Britain, 1.1% in the USA, 0.3% in Brazil and 0.2% in Russia. The determinants of such long-term productivity are the rate of adopting existing technologies, the pace of domestic scientific innovation, and changes in organisation and production, which in turn depend on openness to FDI and trade, education and the flexibility of labour markets.

Although taking advantage of lower wages abroad, especially in poor countries, has been important, in practice MNCs consider many factors when they think of locating activities offshore. A study by Boston Consulting Group in 2011 (*The Economist* 2011) found that pay for factory workers in China increased by 69% between 2005 and 2010. On current trends of annual wage growth of 17% in China, modest appreciation in the value of Chinese currency and existing productivity growth rates, by 2015, they argue, manufacturers producing for consumption in America will be indifferent to locating in America or China on cost grounds. As Brewster et al. (2011) note, factories take time to build, and therefore the behaviour of MNCs has already started to factor in such trends. They also observe that sector, not national ownership, can have important effects on MNC responses. For example, several US MNCs are moving manufacturing back to the USA based on risk-based calculations associated with importing of complex supply chains at risk of disruption, energy prices and inventory costs. However, in the area of consumer electronics, when firms moved production to Asia they created a supplier base and infrastructure that would now be hard to reverse. Similarly, despite rapidly rising wages in India, productivity growth means that the software and back-office offshoring industry is similarly expected to retain cost advantage for the foreseeable future (see Budhwar this volume for analysis of some of the unique opportunities this creates for country-specific headquarters (HQs) in India). Infosys, India's most celebrated IT company, earns only 1.2% of its revenue in the Indian market, earning 375% more from overseas exports than in domestic operations. So, despite Infosys, Wipro and Tata Consultancy Services, it is the US firm IBM that is the leading provider of IT services to Indian companies.

### Towards a global HRM perspective

There is then a global shift in power taking place, but also considerable agency open to MNCs. The question for HR practitioners is what might replace the previously dominant US–UK view of global operations? Organisations are asking whether we are witnessing more globalisation, or are we seeing the opposite? Do they need a corporate culture within top teams, or should they have more micro cultures? What are the mobility and talent issues? What are the challenges of multi-cultural leadership? What is the impact on how you structure the HR function?

Yet it is important to acknowledge that even before the economic crisis, there had been an evolution of territory covered by the IHRM field. This has created an increasing requirement for IHRM academics to understand the many ways in which MNCs operate effectively. The opening definition of IHRM when this journal began argued that it

encompasses ‘...the worldwide management of people in the multinational enterprise’ (Poole 1990, p. 1). By the mid-2000s, still before the banking crisis, for Scullion (2005, p. 5) the field had to cover ‘...how MNCs manage their geographically dispersed workforce in order to leverage their HR resources for both local and global competitive advantage’.

Prior to the crisis there had also been both a growing institutional perspective and a growing strategic perspective. Edwards and Rees (2008, p. 22) called for the field to be based on the ‘... complex relationship between globalisation, national systems and companies’ which provides us ‘three distinct “levels of analysis” for interpreting and understanding HRM strategies and practices [the globalisation effect, the regional effect, the national effect, and the organisation effect]’. More recently, Delbridge, Hauptmier and Sen Gupta (2011) continued this tradition, calling for a perspective on IHRM that was ‘Beyond the enterprise’ and asking that we situate IHRM within wider economic, organisational, political and institutional contexts.

At the same time, De Cieri, Wolfram Cox and Fenwick (2007) argue that globalisation – when seen in terms of the worldwide flow of capital, knowledge and other resources necessary to interconnect international product markets – is associated with concomitant processes involved in the growth in scope and scale of competition.

For Sparrow (2009) whilst there is an increasingly complex set of contextual factors at play, the IHRM field has expanded, in parallel with and driven by the drumbeat of progressive problems of internationalisation. There is also an acknowledgement that whilst the field of IHRM has moved through a sequential development of thinking that has captured the successively evolving cultural, geographical and institutional challenges faced by the MNC. Whilst IHRM now covers a large and complex territory, there is a logical pattern to the ‘issues-driven’ concerns that the field of IHRM has to face, absorb, interpret then reanalyse through global lenses. The impact of economic uncertainty therefore means that:

‘we are examining organisational issues that are of high complexity, in an environment of changing context, and with questionable assumptions about the existence of rules of the past that can be generalised to future actions, and therefore concerns that there are [not] too many predictable and contingent solutions that can help organisations explain how best they can solve IHRM problems’ (Sparrow 2009, p. 7)

We are, thus, at an important juncture. On the one hand, the critical view of IHRM argues that the field is driven by misguided attempts at all-encompassing explanation seeking stable truths in a topic that is best understood through modest and temporary sets of assumptions and reflections on complex and unpredictable change processes. Some of the post-credit crunch global strategies addressed in this special issue might represent a case in point. Against this, a more evolutionary view of IHRM argues that the field has not moved through haphazard and opportunistic expansion, but rather a sequential development of understanding that has captured successively evolving cultural, geographical and institutional challenges faced by MNCs. Therefore, despite periodic chaos and complexity, there are predictable and contingent solutions that can help organisations explain how best they can solve the existing IHRM problems. If this is the case, the challenges outlined in this special issue might be seen as just another trigger for a renewed negotiation of the global integration – localisation debate within organisations.

Recent economic developments therefore present a new set of academic challenges, primarily concerning the management of inequalities, insecurity, and changing forms of organisational practices and regulation. This creates an opportunity to reconfigure the IHRM debate because many of these issues have their roots in traditional concerns of employment researchers. We need to ask what is new and what has changed? How can we get a better

grasp on these developments, both theoretically and empirically with an international perspective? Will the recession throw up new forms of regulation? Are we looking at a new deal and how will it challenge new dependencies at work and in society more widely?

To understand the contours of this debate, we clearly need to examine core IHRM issues across multiple levels of analysis. This means combining analysis of the key groups of people central to and managed within international organisations, the processes being used at firm level to help globalise the human resource management (HRM) system, and the contextual and institutional factors that shape this interplay. Periods of economic uncertainty make this need even more important. The relative power and agency in matters concerning IHRM researchers may change, with for example a shift in agency towards organisations for a while, as they both cope with the traumas of lost markets and changing business models, but also the opportunities for new strategies and action, whilst the institutional arrangements remain slow to change, unstable and politically negotiated. Consider for example how deep change has or has not been in the banking system since 2008, or in the management of US debt or the Euro, compared to the frenetic change witnessed inside many MNCs. However, such observations may overstate the true levels of agency. Only by identifying the IHRM issues that are in practice embedded in multiple levels of agency, and then examining these likely dependencies, can we identify the most fruitful research agenda for the next decade.

### **The contents of the special issue**

We have selected and overseen the development of a collection of papers that give particular emphasis to the analysis of *how* organisations have responded to the global economic climate and how such responses have been influenced by contextual institutional factors. They address a range of issues associated with this agenda.

Sparrow argues that some of the recent institutional research in IHRM risks becoming overly deterministic. As noted in this Introduction, there has been considerable global economic uncertainty, and this can be expected to impact the need for and pursuit of functional realignment within MNCs. In periods of rapid strategic change, the most proximate level of analysis by which to judge globalisation is to see if it has occurred at the level of the function, rather than the firm. The paper studies the functional delivery strategies used in IM functions as they support the organisation in its pursuit of globalisation. It examines how these managers use three strategies to manage local responsiveness to enhance the ability of the IM function to perform globally as the organisation seeks to both coordinate (develop linkages between geographically dispersed units of a function) and control (regulate functional activities to align them with the expectations) mobility activity across borders. These are the emerging market strategy, which is characterised as an industrial push force, the flexibility strategy, which is characterised as an environmental demand or pull force, and the strategic HR delivery model, which is constrained by administrative heritage, but should be considered as organisational capability and infrastructure force. Forty-seven policy-driven interviews were conducted at two time points across 36 household-name US and European MNCs. The research was carried out (not by design!) just before and soon after the major banking failures, and the findings reflect the context of high economic uncertainty.

The study finds that the strategy taken by MNCs towards emerging markets acts as a destabilising industrial force and a primary driver behind the need for greater flexibility in IM policy and practice. However, the extent of destabilisation depends on the strategic pressure created with regard to localisation, efficiency and business model change. It is the

specific task of the incoming assignees that shapes the requisite changes in the management of the IM function and its policies, and not just the phenomenon of growth in emerging markets *per se*. The approach that MNCs take towards global integration of IM policy versus local responsiveness is in practice driven by three different flexibility logics, driven by a new more individualised and idiosyncratic logic reflective of the strategic importance of the talent in question. The choice of strategic delivery model, the structural relationship between the IM and talent management functions, and adopting a more strategic workforce planning capability are found to be important determinant of the speed and pace at which organisations can manage their path to globalisation. The study shows that there is both a new economic topography within MNCs and a new mobility demography that flows from this, and these developments reinforce the need to alter the operational model used to deliver IM services.

Sparrow concludes that by studying globalisation at the functional level, insight can be gained into the sequence of change in management process needed to enable globalisation within MNCs, and that, for example, such process insight shows that the regional logic is not always *a priori* – sometimes mobility flows precede (and create) the need for new regional structures.

Garavan moves from a study of functional HR activities based on multi-industry analysis to analysis based on industry-specific findings. It builds on the first paper's interest in global talent management (GTM) and examines the role that GTM plays in enabling a firm to remain competitive. It notes that GTM, whilst of unquestionable value to MNCs, is as yet still just an emerging discipline that has strong links to IHRM, and in need of better theoretical specification. Several theoretical perspectives may be used to understand the importance and role of functional HRM activities in MNCs, but this study argues the importance of three in particular: the resource-based view, the best-fit and resource-dependency perspectives. It investigates the nature of GTM in nine pharmaceutical firms (one of the sectors examined in by the first paper) during the global downturn through these lenses drawing upon 121 key informant interviews.

As with the first paper, this study addresses the problems of administrative heritage, and makes a contribution to the growing literature on how specific HR functions become globalised against this backdrop. It is premised on academic work that argues that people, intellectual capital and pivotal talent pools can act as critical components of strategic success, irrespective of competitive and economic conditions, and enable firms to remain competitive and cope with recessionary pressures.

It makes an important contribution through its utilisation of an internal actor perspective to understand the challenges encountered in managing GTM. It draws attention to the important role of strategic actors inside the organisation, and the way they perceive the strategic priorities during the downturn, to simultaneously manage downsizing, expansion and structural alignment. The paper therefore demonstrates that the current and future environment of economic uncertainty creates scope for us to understand how internal actors in MNCs can influence important HR strategies, and reports on the significant risks associated with not attending to GTM. It shows how control and coordination of GTM during the global downturn are delivered through increased use of structural reporting, greater involvement of HQ and regional HQ in subsidiary talent decisions, networking and cognitive control strategies. However, it also cautions against overstating the impact of functional globalisation. For there are still significant gaps between GTM policy statements and the extent of practice as perceived by multiple actors in each MNC.

The first two papers allude to the importance of GTM as one mechanism for strategic knowledge transfer in MNCs. Mabey, Kulich and Lorenzi-Cioldi then build on this by

asking how strategic knowledge is created and exchanged and, specifically, what the influence of leadership is in stimulating and marshalling successful innovation. One of the limitations with much IHRM research is that it overly focuses on MNCs, even though there are many different organisational forms that could be examined. We need better theorisation of alternative organisational forms which have come to prominence in recent years. They report findings from a very novel global organisation – scientists working in a global particle physics experiment being conducted in the Large Hadron Collider at CERN, arguing that global sets of loosely coupled, non-hierarchical networks are prototypical of many international knowledge-based enterprises, and that IHRM practitioners and academics alike should learn from the study of creative and effective exchange of knowledge across institutional, national and cultural boundaries that this setting enables. In times of high uncertainty, and as firms become more international in their reach, they need to develop HR mechanisms and practices that facilitate social interaction and the development of common mindsets across diverse cultural boundaries.

The paper is premised by the work of Sparrow (2006) on potential mechanisms for integrating knowledge across global firms that comprise of centres of excellence, governance systems, expatriate networks, international teams and global expertise networks/communities of practice, and moves understanding on by addressing the question of how these mechanisms work in practice, with particular reference to global expertise networks. These are important in times of uncertainty, as culturally grounded cognitive differences about overall business models tend to persist and lead global teams to reject certain aspects of knowledge held by others. It examines the micro issue of knowledge leadership within a multi-country operation. There are parallels between the findings from this non-traditional context for IHRM research and studies of MNCs, in that the study shows that the existence of governance mechanisms alone is insufficient for the building of social capital. It is a favourable perception by individuals of goodwill that catalyses involvement in knowledge transfer activities. It also reinforces messages from the global leadership genre, by demonstrating the importance of operating-level boundary scanners in building cognitive capital, shared mental schema and strong working relationships on a day-to-day level, in order to allow for the fast uptake of important new knowledge. The paper demonstrates that the process of knowledge leadership in and across organisations is fuelled by a variety of literatures, each invoking different theories, emphasising different issues and operating at different levels of analysis.

Edwards, Jalette and Tregaskis move our analysis beyond that of the MNC or collaborative network to that of regional dynamics. As with the studies of functional realignment reported in the first two papers, they note that regional logics are also concerned with strategic coordination of geographical distributed human resources. They draw upon two parallel large-scale surveys of employment policy and practice in the national operations of 302 UK MNCs and 208 Canadian MNCs to show that the global – local tension appears to be missing an intermediate dimension to a regional logic. Their paper argues that there is a disjoint in the literature being used to think about globalisation processes. They create a dichotomy between two perspectives. The mainstream view assumes strong globalising tendencies in MNCs and argues that MNCs form their own intra-organisational field (Kostova, Roth and Dacin 2008) because of strong incentives to develop an international dimension in HRM. They are merely constrained by the distinctiveness of national systems in applying this. There is a contrasting view that in fact MNCs make a virtue out of national differences by separating the various aspects of their operations so that each is located in the country with the most suitable conditions, based on a process of segmentation driven by the technological context and occupational profile of the MNC's sites.



They allude to the work that supports a pattern of regionalisation rather than globalisation in economic activity, and use this to raise two important questions: first, where there is an international logic, is this more global or regional in orientation, and second, to the extent that there is a regional logic, how can we explain why this is stronger in some companies than in others? Echoing the paper by Garavan, they note that regional logics may be the product of senior managers within the firm, or the result of external pressure on firms, stemming either from formal regulations or by other actors. For Edwards et al., the incentives for MNCs to develop an international logic are contingent on a number of factors, particularly nationality (country-of-origin effects) and key elements of the way that MNCs are configured, and vary across regions and between MNCs within each region. Regional logics are concerned with strategic coordination of geographical distributed human resources, and would be more relevant in operationally integrated firms and less so in diversified firms. Supporting the perspective of Sparrow and Garavan, they argue that a regional logic is likely to be positively related to the existence of intra-firm operational linkages, and that the structures within which they work affect the ease with which they can do so (Edwards 2011). They find that the greater development of European-wide institutions in creating incentives and pressures for MNCs to pursue a regional logic but is largely offset by the wider range of national institutions in Europe that present challenges to MNCs in doing so. For regional management style, nationality is central to understanding variation in North America, whereas nationality is not part of the story in Europe, where integration and structure are more important. The organisational architecture of MNCs matters more in Europe. Different structures and dynamics of regional integration in different continents have lead to rather different strategies and processes in MNCs.

While Sparrow examines the IM function and Garavan global talent management, Sheehan's paper adds an additional dimension to the understanding of IHRM by focusing on one key component of employee development, that of management development (MD) in MNCs. Utilising a process study approach, the paper first examines the relationship between the strategic MD *inputs* and then goes on to examine whether there is a relationship between the *process* of MD – in particular, 'best practice' and top management support for MD – and perceived performance. An analysis of whether the *outputs* of MD – perceived importance and perceived provision of MD by line managers – is associated with perceived performance is then explored. Finally, the mediating role of national context in the MD performance relationship is examined.

The use of a process model is of particular value to exploring the effects of the global economic environment, as it enables its potential effects to be captured at both the input stage (in particular, MD expenditure patterns) and by the mediating effects of national context, as the study countries were affected quite differently by the economic crisis. In particular, these sets of relationships are examined in the context of UK multinationals with subsidiaries in Poland, the Czech Republic and Hungary. The region of Central and Eastern Europe (CEEC) is an under-researched but increasingly important contributor to global economic growth and the global talent market (see Morley, Heraty and Michailova 2009 for a notable exception). It is the first such study to examine whether a link between MD and perceived performance is found in an emerging economy context.

A unique five-way matched sample of 143 UK-owned multinational organisations is analysed. The five-way match comprises responses from 143 UK HR Directors (at Corporate HQs); 143 UK-based HR specialists and line managers in the organisation's domestic subsidiaries and 143 foreign-based HR specialists and line managers in the organisation's overseas subsidiaries in the study countries. Data from over 700 respondents are analysed. This methodology helps to address the potential for common method bias (see Cascio, below).

A positive and statistically significant relationship is found between MD – especially the perception of MD commitment and provision, as reported by line managers – and the perceived performance of the subsidiary. In previous periods of economic turmoil and uncertainty, expenditure on employee development, including MD, would often be cut quickly and drastically by organisations. Similar to *Garavan's* findings on GTM, it is found that in the majority of the sample subsidiaries, expenditure on MD has not been cut. This may reflect a shift in how this type of expenditure, both in terms of talent management and MD, is now viewed by organisations – that is, from discretionary to essential or non-discretionary – as the role of people, increases as a source of competitive advantage. Indeed, sustaining investment in MD and retaining managerial talent are likely to be pivotal for sustained and future competitive advantage of organisations. These findings appear to be applicable to both developed and emerging economy contexts.

While Edwards et al. report a high level of integration and structure within Europe, Sheehan finds a *desire* for consistency by MNCs in terms of MD across their EU subsidiaries, the significant competition for talent in the Polish subsidiaries (due to its rapid economic growth in recent years) results in significantly higher levels of MD by MNC's Polish subsidiaries compared to their subsidiaries elsewhere. These findings echo that reported by Budhwar below in the context of India. Thus, MNCs show considerable flexibility in adjusting IHRM practices, when national economic circumstances over-ride, at least temporarily, a preferred strategy of international integration. Finally, the multiple-respondent and multiple-organisational unit methodology is a unique departure in IHRM research.

Budhwar's paper examines the role played by the HR function in Indian country-specific headquarters (CSHQs). Similar to the CEEC region, India has emerged over the past two decades as a key global market and is particularly attractive to FDI. Yet, little is known about the range of services that the Indian CSHQ's HR function provides to the local business units of the MNC. Based on an analysis of interview and survey data from senior HR specialists in 74 MNCs operating in India, a high level of freedom from the MNC's corporate HQs to develop and implement both HR policies and practices is found. While the level of autonomy is high, it is clear that key HR practices such as recruitment and selection, performance management, and training and development are heavily influenced by Western practices.

India's unique social, political and cultural context combined with its rapid economic growth, however, contributes to the findings that the implementation of these practices is not seamless. The competition for talent often means that advertised posts are over-subscribed by under-qualified applicants and formal appointment letters are used to obtain employment elsewhere. Given India's high power distance, internal trainers often face significant obstacles when attempting to train employees of a higher status.

Despite these challenges, Budhwar shows that India seems to be quite unique in its ability *adopt* and *adapt* these practices to suit the Indian context. This, at least in part, reflects that all of the HR specialists interviewed were Indian in origin. These same specialists are also likely to be heavily influenced by western education systems, the common use of US and UK based HR texts, and a western way of life, including the wide usage of English language (amongst others). This combination seems to place HR specialists in the study CSHQs in a unique position of adopter and adapter of their MNC's HR practices. Although not a direct focus of the study, Budhwar does not find evidence of regional logic – e.g. a South Asia strategy – in his sample of MNCs, which is consistent with Edwards et al.'s finding on the importance of contingency of national context and is perhaps not surprising given the uniqueness of India.

Finally, Cascio's paper draws upon his unique insight as a senior editor of the *Journal of World Business* to identify five fundamental methodological issues that often prove highly problematic and challenging for IHRM scholars utilising quantitative techniques. The areas focused upon include translation, conceptual and metric equivalence when assessment or survey questions are used in different languages and cultural contexts; the use of multiple, overlapping constructs and common methods bias; limitations of measures of internal-consistency reliability (coefficient alpha); sampling strategies; and non-response bias. The first area examined – translation, conceptual and metric equivalence – must be carefully addressed in any quantitative or qualitative study where IHRM is examined comparatively and in cross-cultural studies. Researchers must ensure that measures developed in one culture and used in another are conceptually and metrically equivalent. In their absence, the validity and reliability of any comparative analysis are significantly weakened.

The potential for common method bias (also referred to as common method variance) arises when one data individual in an organisation is surveyed and/or interviewed. The validity of their responses may be questionable because of potential 'halo' effects or a genuine lack of knowledge about the question being asked (e.g. the relative financial performance of the respondent's organisation). While obtaining multiple responses from within a study organisation is challenging, Garavan's and Sheehan's analysis demonstrates that it is indeed feasible and certainly enhances the depth and validity of the analysis undertaken.

Cascio issues both a health warning and a conditional remedy in his analysis of coefficient alpha which is used widely by IHRM researchers to assess item-specific variance (internal consistency) in a unidimensional scale. He demonstrates that a high alpha should *not* be interpreted to mean that the scale is unidimensional – indeed, it may not be – which nullifies the validity of alpha. A straightforward solution is provided: researchers should first demonstrate unidimensionality (by using one of the many factor-analytic techniques available, for example) and then compute coefficient alpha. In other words, like any other statistic, alpha should be used with caution.

Solutions for overcoming the challenges of the potential significant biases in analysis that non-probability sampling and non-response bias may cause – both of which are very common in IHRM research – are not easily found. In many cases, all researchers can do is to acknowledge their existence and consider how such biases are likely to affect their analysis and recommendations.

In sum, these papers enhance both the theory and application of IHRM. All of the studies provide original empirical data. Many of the papers examine key issues of IHRM in significant new empirical detail (e.g. Sparrow, Garavan, Edwards et al.) which will provide valuable frameworks for other researchers to expand upon. Other papers look at previously under-researched regions and countries (e.g. Sheehan and Budhwar) which will be useful for future benchmarking as research into these emerging areas expands. The innovative institutional setting in which Mabey et al.'s analysis is set demonstrates the richness and depth of analysis that this type of unique context can provide. Finally, the analysis provided by Cascio provides an invaluable checklist that all IHRM researchers should be cognisant of when designing, implementing and analysing their data. His paper provides an invaluable template to progress the rigour of IHRM research.

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