

Third Edition

International Human Resource Management

Globalization, National Systems
and Multinational Companies

Tony Edwards and Chris Rees

PEARSON

Harlow, England • London • New York • Boston • San Francisco • Toronto • Sydney
Auckland • Singapore • Hong Kong • Tokyo • Seoul • Taipei • New Delhi
Cape Town • São Paulo • Mexico City • Madrid • Amsterdam • Munich • Paris • Milan

Brief contents

Contents	vii
Contributors	xiii
Acknowledgements	xv
Introduction	
<i>Tony Edwards and Chris Rees</i>	xvii

PART 1 THE CONTEXT FOR INTERNATIONAL HRM

Chapter 1	Globalization, national systems and multinational companies <i>Chris Rees and Tony Edwards</i>	3
Chapter 2	National employment systems and international HRM <i>Phil Almond</i>	28
Chapter 3	The European Union: a case of advanced regional integration <i>Michael Gold</i>	46

PART 2 MNCs AND INTERNATIONAL HRM

Chapter 4	International structure and strategy <i>Tony Edwards and Chris Rees</i>	71
Chapter 5	Global integration <i>Adam Smale</i>	104
Chapter 6	The transfer of HR practices in MNCs <i>Tony Edwards, Chris Rees and Miao Zhang</i>	126
Chapter 7	Cross-border mergers and acquisitions <i>Tony Edwards and Chris Rees</i>	145

PART 3 THE MANAGEMENT OF INTERNATIONAL HRM

Chapter 8	Outsourcing and human resource management <i>Virginia Doellgast and Howard Gospel</i>	169
Chapter 9	International leadership development <i>Nabil El Gazzar and David G. Collings</i>	190
Chapter 10	Recruitment and selection of international managers <i>Fiona Moore</i>	208
Chapter 11	International pay and compensation <i>Chin-Ju Tsai</i>	230
Chapter 12	International and comparative employee voice <i>Enda Hannon</i>	252

Chapter 13 International corporate social responsibility	275
<i>Lutz Preuss</i>	
Chapter 14 International migration and HRM	293
<i>Stephen Bach</i>	
Index	315

Contents

Contributors	xiii
Acknowledgements	xv

Introduction

xvii

Tony Edwards and Chris Rees

1. Globalization versus embeddedness	xviii
2. Cultures versus institutions	xviii
3. Choices versus constraints	xviii
4. Integration versus differentiation	xviii
5. Standardization versus segmentation	xix
6. Collaboration versus contestation	xix

Part 1 THE CONTEXT FOR INTERNATIONAL HRM

1 Globalization, national systems and multinational companies	3
<i>Chris Rees and Tony Edwards</i>	
<i>Key aims</i>	3
Introduction	3
The nature of contemporary globalization	4
Debating globalization	8
Globalization and MNCs	12
MNCs, the state and 'national effects'	14
Conclusion	21
Review questions	23
Further reading	24
References	24
2 National employment systems and international HRM	28
<i>Phil Almond</i>	
<i>Key aims</i>	28
Introduction	28
Types and numbers of national system	28
National business systems and HRM in MNCs	34
Management, ownership and country-of-origin effects	40
Conclusion	41
Review questions	42
Further reading	42
References	42

3	The European Union: a case of advanced regional integration	46
	<i>Michael Gold</i>	
	<i>Key aims</i>	46
	Introduction	46
	Regional integration agreements	48
	<i>Box 3.1 Deepening stages of RIAs</i>	50
	Evolution of the EU and its employment policy	51
	<i>Box 3.2 Principal institutions of the EU</i>	52
	The European social model	53
	Bases of EU employment policy	54
	Three key 'moments' in the development of EU employment policy	57
	<i>Box 3.3 Principal social partners in the EU</i>	58
	The emergence of 'soft' law and the Open Method of Coordination	59
	Theorizing convergence of HR practice across the EU	60
	Future challenges for EU employment policy	61
	<i>Box 3.4 ECJ cases cited</i>	62
	<i>Box 3.5 Posted workers</i>	63
	Conclusion	64
	Notes	64
	Review questions	65
	Further reading	65
	References	66

Part 2 MNCs AND INTERNATIONAL HRM

4	International structure and strategy	71
	<i>Tony Edwards and Chris Rees</i>	
	<i>Key aims</i>	71
	Introduction	71
	Defining a multinational company	72
	The motivations for internationalization	74
	The arrival of the 'global' firm	79
	Key influences on strategy and structure in MNCs	89
	<i>Box 4.1 ABB: a test case of the transnational strategy</i>	95
	<i>Box 4.2 AutoPower: shaking off its American origins?</i>	98
	Conclusion	100
	Review questions	100
	Further reading	101
	References	101
5	Global integration	104
	<i>Adam Smale</i>	
	<i>Key aims</i>	104
	Introduction	104
	The case for global HRM integration	105
	Tools of global HRM integration	112
	Achieving global HRM integration	116

<i>Box 5.1 Globally integrating diversity management at Transco</i>	118
Conclusion	120
Review questions	121
Further reading	121
References	121
6 The transfer of HR practices in MNCs	126
<i>Tony Edwards, Chris Rees and Miao Zhang</i>	
<i>Key aims</i>	126
Introduction	126
The 'diffusability' of employment practices	127
The hierarchy of economies and the diffusion of practices	129
<i>Box 6.1 CFS: adaptation, absorption or retention</i>	132
Corporate characteristics promoting and hindering diffusion	134
The process of diffusion	137
<i>Box 6.2 Engineering products: networking . . . but with the centre in charge</i>	139
Conclusion	140
Review questions	141
Further reading	141
References	141
7 Cross-border mergers and acquisitions	145
<i>Tony Edwards and Chris Rees</i>	
<i>Key aims</i>	145
Introduction	145
The national orientation of the parent in cross-border M&As	147
<i>Box 7.1 Case study: HealthCo</i>	149
Restructuring at national level and the legacy of distinctive national systems	150
The political dimension to cross-border M&As	154
<i>Box 7.2 Case study: Corus</i>	156
Cross-border M&As and organizational learning	158
Conclusion	163
Review questions	163
Further reading	164
References	164

Part 3 THE MANAGEMENT OF INTERNATIONAL HRM

8 Outsourcing and human resource management	169
<i>Virginia Doellgast and Howard Gospel</i>	
<i>Key aims</i>	169
Introduction	169
Conceptualizing outsourcing	170
Employment restructuring and the outsourcing decision	171
Coordination of HRM across organizational boundaries	176
<i>Box 8.1 'Vendotel': coordinating HRM in a multinational call centre vendor</i>	179

The outsourcing of (parts of) the HR function	181
<i>Box 8.2 The outsourcing of HRM by P&G and Unilever</i>	183
Conclusion	184
Review questions	186
Further reading	186
References	186
9 International leadership development	190
<i>Nabil El Gazzar and David G. Collings</i>	
<i>Key aims</i>	190
Introduction	190
What is global leadership?	191
The right stuff model to develop global leaders	192
Global leadership development mechanisms	196
Conclusion	200
<i>Box 9.1 Case study: TRW</i>	201
Note	202
Review questions	202
Further reading	203
References	203
10 Recruitment and selection of international managers	208
<i>Fiona Moore</i>	
<i>Key aims</i>	208
Introduction	208
Key concepts and definitions	209
Criteria for recruitment	210
Selection	214
<i>Box 10.1 Case study: Japanese expatriates through the decades</i>	218
Diversity issues in international recruitment and selection	220
The changing international manager	224
Conclusion	225
Review questions	226
Further reading	226
References	227
11 International pay and compensation	230
<i>Chin-Ju Tsai</i>	
<i>Key aims</i>	230
Introduction	230
Convergence versus divergence in compensation practices	231
<i>Box 11.1 Variations in compensation between selected countries in three regions</i>	233
Factors influencing international compensation	235
Pay strategy in MNCs	238
<i>Box 11.2 Case study: balancing global strategic alignment and local conformance pressures in a pharmaceutical MNC</i>	240
Expatriate compensation	240
Conclusion	247

Review questions	247
Further reading	248
References	248
12 International and comparative employee voice	252
<i>Enda Hannon</i>	
<i>Key aims</i>	252
Introduction	252
Employee voice, employee participation and employee involvement	253
The European Union as a regional system of employee voice	255
<i>Box 12.1 EU legislation on employee voice</i>	255
Employee voice in 'advanced industrialized economies'	259
<i>Box 12.2 The German system of employee voice</i>	261
Managing employee voice in 'industrializing' or 'developing' economies	265
<i>Box 12.3 Employee involvement in a British MNC in China</i>	268
Conclusion	269
Review questions	270
Further reading	270
References	270
13 International corporate social responsibility	275
<i>Lutz Preuss</i>	
<i>Key aims</i>	275
Introduction	275
The concept of corporate social responsibility	276
CSR in the multinational enterprise	280
Managing corporate social responsibility	282
Corporate social responsibility and human resource management	287
Conclusion	289
Review questions	290
Further reading	290
References	291
14 International migration and HRM	293
<i>Stephen Bach</i>	
<i>Key aims</i>	293
Introduction	293
International migration: dimensions and trends	295
What shapes migration?	298
The impact of migration	302
<i>Box 14.1 Case study: nursing</i>	306
Worker and trade union responses	309
Conclusion	311
Review questions	312
Further reading	312
References	312
Index	315