

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

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Presented by

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# Overview

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



# Research Objectives

- To identify the factors mediating the diffusion of e-HRM practices in subsidiaries of a single MNC
- To assess whether the diffusion of e-HRM practices in the subsidiaries of a US MNC is mediated by the same institutional factors that govern the transmission of standard HRM practices
- To explore the applicability of institutional theory to e-HRM research



# Methodology

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



# Institutional Theory

- “... social embeddedness of firms in particular contexts shapes their structures and processes” (Morgan and Kristensen, 2006, p. 1468)
- Neo or new institutional theory
  - Emphasis on global diffusion and adoption of practices, but ignores *how* practices are mediated
- Historical or European institutional theory
  - Emphasis on regulative context, but underrates convergence



# Institutional Theory

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

(Morgan and Kristensen, 2006, p. 1473)



# Neo Institutional Theory

- Institutional duality: external *institutional* context v. internal *relational* context (Kostova and Roth, 2002)
- Institutions: “taken for granted ways of acting, which derive from shared regulative, cognitive and normative frames” (Morgan and Kristensen, 2006, p. 1470) - Institutionalisation
- Legitimacy: organisations conform to institutional environment – isomorphism
- Coercive isomorphism, mimetic isomorphism, normative isomorphism (DiMaggio and Powell , 1983)

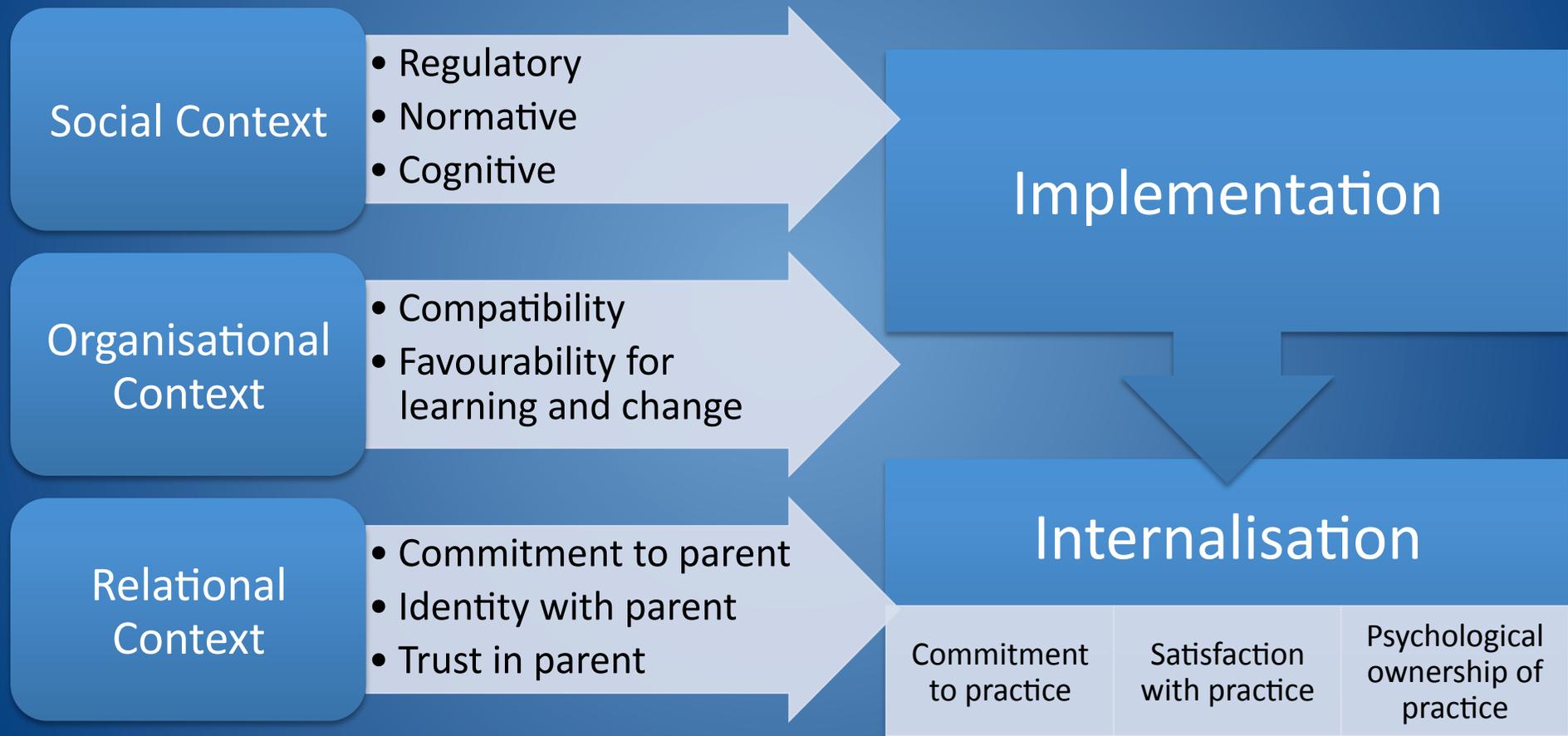


# European Institutional Theory

- Diverse institutional arrangements formed by societies determine rules which shape organisational responses
- MNCs react to institutional diversity in a variety of ways (Morgan et al., 2001)
- E.g. set up subsidiaries that reflect home country practices (Whitley, 2001)
- MNCS look for institutional fit or institutional weaknesses (Morgan and Kristensen, 2006)



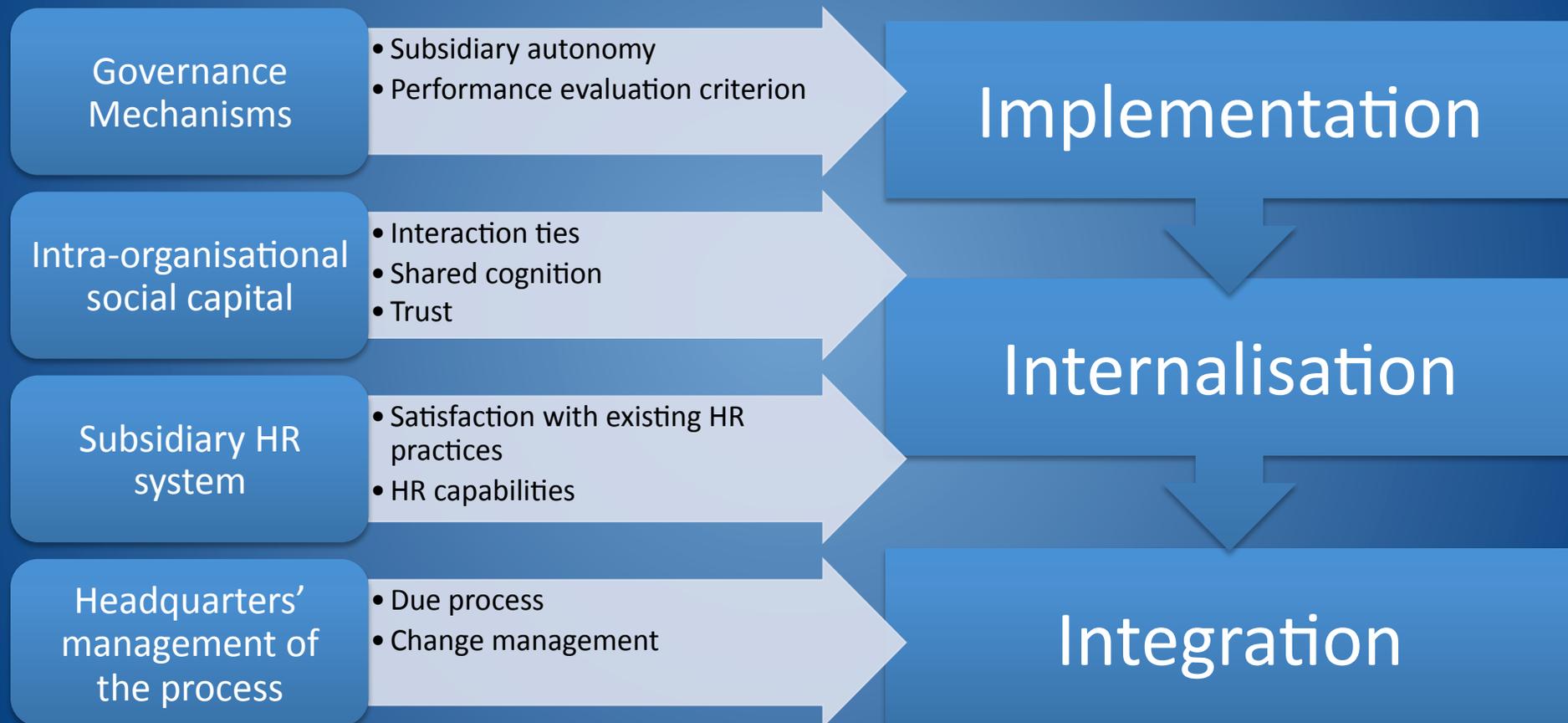
# Transfer Success?



Kostova (1999:313)



# Transfer Success?



Björkman and Lervik (2007:324)



# Transfer of HRM Practices in MNCs

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



# Key Findings and Discussion

- Strong pressures for internal consistency in e-HRM utilisation
- However, differences exist in transfer of e-HRM owing to dissimilarities in the institutional, organisational and relational contexts
- Dichotomy between what the HQs consider implementation and the conflicting reality in the subsidiaries



# Summary

- E-HRM diffusion mediated by complex nature of the relationship between home and host country effects, pressures for standardisation and resource capabilities of subsidiaries
- Transfer of e-HRM practices a “social process” (Björkman and Lervik, 2007)
- Both neo-institutionalism and European institutionalism may advance the field of e-HRM research

