

## Human resource management strategies in practice: Case-study findings in multinational firms

Irene K.H. Chew\*

Nanyang Technological University, Singapore

Frank M. Horwitz\*

University of Cape Town, South Africa, and Nanyang Technological University, Singapore

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*Competitive pressures have increased the strategic value of a skilled, motivated and adaptable workforce, and the HRM strategies to support and develop it. A strategic perspective of HRM requires the firm to identify and adopt human capital initiatives likely to enhance competitiveness and shareholder value. A key question considered here is the extent to which multinational firms adapt internally consistent human resource strategies across national boundaries to address these issues. Case-study data on how eight multinational firms in Singapore apply strategic approaches to human resource management are presented. Findings show that while some adaptation considering local context occurs, the diffusion of headquarters and centrally initiated, but competitively differentiated strategies across cultural boundaries, is significant. Effective human resource strategies were understood as 'configurational', integrated both vertically and horizontally.*

**Keywords:** convergent/divergent practices, human resource strategy, multinational firms

There is a paucity of empirical, especially case-study research on human resource management (HRM) strategies of multinational corporations (MNCs) in South East Asia in general and Singapore in particular. The economic

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Correspondence to: Associate Professor Irene K.H. Chew, Nanyang Technological University, Singapore; e-mail: akhchew@ntu.edu.sg

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strategy of several countries in this region places a premium on the attraction of foreign direct investment, particularly employment-creating investments, in the manufacturing, hospitality and service industries. The Singaporean government and its Economic Development Board (EDB) put high priority on creating an attractive investment policy framework. Singapore's economic growth has been substantially achieved by strategies for attracting particular types of MNCs in line with its changing development priorities. The importance of adopting English as the universal language of business was an early post-independence policy decision. This creates potential competitive advantages (Wright and Wright 1994), and may facilitate cross-cultural diffusion of HRM practices. The type of human resource management strategies these firms adopt, their content and the extent to which these converge or diverge within the local socioeconomic context is an objective of our investigation. Further, the case for such an investigation is to understand the distinctive versus universalistic nature of HR strategies as they are diffused cross-culturally. Human resource strategies in MNCs in Singapore may have a profound and direct influence on business practices and organizational culture in Singapore, given that these firms have over the past 30 years been the predominant contributors to GDP in the Singaporean economy. This exploratory investigation identifies and evaluates the adoption of human resource strategies in MNCs in Singapore. It explores their content, adaptation processes and draws conclusions in terms of relevant literature.

O'Reilly and Pfeffer (2001) describe how changing market conditions in South East Asia have rendered many of the traditional sources of competitive advantages less important in the current economic environment than they have in the recent past. Increasingly important are core competencies (Hamel and Prahalad 1994) and capabilities (Ulrich and Lake 1990) of employees that help develop new products, provide world-class customer service, and implement organizational strategy. As intellectual capital has come to represent an increasing fraction of many firm's total assets, the strategic role of the HRM system has also become crucial.

High performance work systems (HPWS) include targeted and rigorous recruitment and selection procedures, performance-contingent incentive compensation systems, management development, flexible benefits and training activities aligned with a firm's business and strategic initiatives (Becker, Huselid and Ulrich 2001; Delaney and Huselid 1996; Huselid et al. 1997; Kallenbach and Moody 1994; Sparrow, Schuler and Jackson 1994). Becker, Huselid and Ulrich (2001) and Becker and Gerhart (1997) have found that alignment becomes important in strategy implementation – both internal to the HRM system (HRM policies) and externally (with other organizational policies and goals), for attaining a firm's competitive strategy and operational goals. If a firm's HRM system is to be a source of sustained competitive advantage, strategic HR practices are likely to be idiosyncratic and tailored carefully to the firm's individual situation. This provides a potential inimitable

foundation for effective implementation and superior firm performance (Cascio 2000; Ulrich 1997, Pfeffer 1998). Wright, McMahan and McWilliams (1994), taking a resource-based view of the firm, posit that a firm's talent pool and associated HRM practices are valuable, rare, inimitable and non-substitutable if they are to provide a sustained competitive advantage. Further research by Wright et al. (1995) found that HRM practices that reflect a commitment to fair and equitable management of diverse labor markets may influence firm performance as reflected in stock prices. Competitors cannot easily replicate a properly configured strategic HR system. It can only have a systematic impact on the bottom line when embedded in the management infrastructure to achieve important business priorities. The returns from investments in a HPWS system are not linear (Becker, Huselid and Ulrich 2001). How are these strategic HRM practices considered in a global context, particularly in multinational corporations (MNCs)?

### **Human resource strategy in multinational corporations**

Globalization, new technology, growth of multinationals, mobility of labor, capital and technology and increased global competition, have arguably led to increased convergence of managerial and HRM practices (Brewster and Tregaskis 2001, Dowling, Welch and Schuler 1999; Edwards 1998). The notion of convergence is tempered by opposing theoretical constructs of divergence/particularism relating to country and local context, including cultural variables, regulatory environment, labor market attributes, skills supply and level, and industry structure (Porter 1987). These may limit or aid implementation of strategic HRM practices.

Although there is some diversity of nomenclature and possible interpretation, e.g. 'HPWPs', 'flexible work practices, and 'high commitment work cultures', all these systems may help to improve a firm's performance. Inadequate attention is given to the importance of organizational context and enabling/disabling organizational factors (Jackson and Schuler 1995; Marchington and Grugulis 2000). Implementation may vary in respect of 'what and how', thus limiting the value of comparative survey research, the latter could be enhanced by in-depth qualitative work, including case-study research.

The cross-cultural diffusion of HPWPs associated with SHRM has become more widespread in international human resource management (IHRM) literature (Dowling, Welch, and Schuler 1999; Marchington and Grugulis 2000; Horwitz, Kamoche and Chew 2002). The need for integrative frameworks for effective cross-cultural diffusion and adoption requires critical evaluation of variables key to implementation (Warner 2000). There is a need to focus on contingency approaches and mediating variables affecting organizational level application. Rigorous theoretical approaches also add to the importance of 'context' frameworks such as integration/divergence or univer-

salism versus local particularism, and ethnocentric, geocentric, regiocentric and polycentric managerial strategies (Heenen and Perlmutter 1979). Much of this work examines the relationship between human resource practices and firm performance (Becker and Gerhart 1996, Delaney and Huselid 1996, and Pfeffer 1998). Some studies consider SHRM in comparative findings between domestic and multinational firms (Dowling, Welch and Schuler 1999; Horwitz et al. 2002; Paik, Vance and Stage 2000; Perkins 1999; Chew and Putti 1995). These studies caution against hasty conclusions given evidence of the importance of contextual factors in implementation.

There is thus a need for closer attention to process dynamics in the design and implementation of SHRM, given the more likely hybrid of human resource systems and practices in the South East Asian context, and the allied concept of reverse diffusion, where host-country practices may influence those of the parent company. These processes are not satisfactorily addressed in the convergence/divergence framework. It is important in the Asian context, and elsewhere, to identify process implementation factors such as the extent to which SHRM is introduced: 1) 'as is' – transplanted intact cross-culturally; or 2) with some adaptation based on local culture and factors such as labor relations institutions; or 3) whether these practices are significantly transformed because of local exigencies; and 4) the nature and degree of convergence which may occur. Lu and Bjorkman (1997) examined the localisation of HRM in 65 Sino-Western joint ventures. They found that recruitment and training were most likely to be localised. Most MNCs are likely to have head offices in countries where use of SHRM has been adopted. The extent to which this impacts on MNCs operating in host countries depends on the HR strategy adopted. Strategies may vary greatly with differing demands in the global environment. Conflicting demands often arise as MNCs attempt to maximize their ability to respond to the needs of the host country (local responsiveness) while trying to maintain their control over corporate structure worldwide (global integration) (Brewster and Tregaskis 2001; Caligiuri and Stroh 1995, 494). International human resource managers in these firms have the challenging task of trying to maintain congruence with the overall strategic plan of their MNC while balancing economic, social, political and legal constraints of the host countries. The more autonomy foreign subsidiaries have to act independently and respond to local demands, the less integrated the worldwide organization becomes and vice versa (Prahalad and Doz 1981; Tung and Punnett 1990), and the more likely that hybrid models of HPWPs will be adopted.

As foreign subsidiaries mature, they may become resource dependent on strategic resources such as technology, capital and specialized skills (Prahalad and Doz (1981, 5). With less dependency on the parent organization, MNCs seeking to maintain control may do so by fostering a global corporate culture with associated human resource and HPWPs. Ethnocentric MNCs place expatriates in key executive positions, centralizing parent company control in

decision-making. In polycentric and regiocentric MNCs subsidiary host nationals manage foreign operations. Geocentric MNCs aim to staff positions worldwide with the best recruits regardless of nationality (Heenen and Perlmutter 1979; Kobrin 1988). The extent and manner in which Heenen and Perlmutter's typology occurs is a focus of our case-study investigation.

## Research methodology

### Purpose of investigation

Much of the literature on strategic HRM is normative rather than instructive or evaluative. However, emergent theoretical and empirical work is gaining momentum in the area of international, cross-cultural HRM. The first purpose of this investigation is to examine the content of 'in use' human resource strategies in multinational firms in south East Asia, considering their aims scope and relative uniqueness. The second is to evaluate how these HR strategies are developed and diffused from head quarters to host country environment, considering to what extent local context may impact on strategy content and implementation.

### Methods

This exploratory study makes primary use of qualitative research methods seeking to add to the integration of strategic and international HRM as inter-related fields of research, particularly in multinational companies. Whereas quantitative measures tend towards cost, capacity and time and answer the question 'what', qualitative measures focus on value and human reactions, and answer the question 'why' (Fitz-Enz 2000). The use of a narrative or storytelling research perspective (here) makes an important contribution to organizational sense making processes (Soderberg and Holden 2002; Weick 1995). It offers both a 'what' in terms of HR strategies used, and 'why' in understanding the reason for their use and process of implementation from a social constructionist perspective i.e. as descriptions and interpretations by those studied.

Semi-structured interviews were held with human resource directors and senior line management executives in eight multinational firms. These had global operations and a specific business presence in several East Asian countries. Interviews occurred with the HR director (vice president)/senior HR manager in each of the eight MNCs and with two line executives in each firm. Each interview was between 1–2 hours in duration. Interviews focused on the following content themes (see also the appendix):

- the rationale for the firm's HR strategy;
- key features of the strategy, such as its core values;

Table 1 Demographic features of interviewees

Nationality	Gender	HR experience	Operations experience
German 9	15 men	5–10 yrs: 2	5–10 yrs: 4
Singaporean 8	9 women	11–15 yrs: 3	11–15 yrs: 6
USA 7		16+ years: 3	16+ yrs: 6

- specific HRM practices considered as strategic priorities;
- identified implementation processes and issues pertinent to the MNCs cross-cultural operations.

The interviews were held in Singapore. Respondents also provided relevant documentation of policies and HR initiatives. These were content analyzed. Other sources of data included press reports, annual reports and financial statements. A triangulated research approach was therefore used.

### Data analysis

Data used was largely of a qualitative nature. The seven 'S' frameworks were used as an analytical typology (Peters 1992). The framework is in part also derived from the data by examining developing patterns and themes and comparing common and differing findings (Hussey and Hussey 1997). A content analysis of interview and documentation evidence was used, applying the principles of grounded theory such as familiarization, data exploration, reflection and data sense making, and linking of emerging patterns (Easterby-Smith et al. 1991). Interviews were tape-recorded where permission was granted and detailed notes taken. Using the above typology, the research team identified common as well as differing practices, processes and stated/espoused organizational values from the interview and documentation data. These were then clustered into the seven 'S' frameworks, and further evaluation made in terms of relevant literature.

The nature of the data is predominantly qualitative, of both a factual type (HR strategies, systems, practices and implementation processes) and perceptual/interpretative type in respect of respondents themselves and subsequently the researchers. The following companies participated in the investigation: Citibank, Heidelberger Druckmaschinen AG, Siemens AG, Solarprojekt GmbH, Singapore International Airlines, (SIA), Nalco Chemical Company, Prudential Life Insurance and United Parcel Service (UPS). The companies were selected using convenience sampling based on the researchers' and their assistants' access to key personnel.

## Limitations

Given this sampling type, and the limitation of eight MNCs, the case-studies permit identification of firm specific developments and processes. They enable inter-firm comparisons, but not broad generalizations to particular sectors or MNCs as a whole. Second, the data is primarily qualitative with no cause-effect or correlation analysis of the relationship between SHRM initiatives and firm performance. Such research is well documented, however (see for example, Becker, Huselid and Ulrich 2001; Becker and Gerhart 1996; Cascio 2000; Huselid, Jackson and Schuler 1997). Third, given that HR directors /managers were key participants in this study, potential response bias may have occurred. This was limited to an extent by interviewers focusing on actual interventions and initiatives, which occurred, though the assessment of their effectiveness could have elements of subjectivity.

## Findings

### Human resource strategies in MNCs in South-East Asia

A strategic approach to HRM requires a firm to focus on identifying and solving human capital elements of important business problems and aligning HR initiatives with organizational strategies and performance goals. Productivity and profitability have a recursive relationship, with interdependent linkages of customers and employees to optimize profits and productivity. The market positioning these organizations seek and the notion of being both values driven and value creating for customers define the HR strategies of firms such as Nalco, Siemens, SIA and UPS. Business strategies tend to be quite proactive in both the short-and long-term. Companies such as UPS, which are very closely linked and dependent on a high-performing airline industry, experienced particularly harsh pressures within that industry in a crisis level downturn in the aftermath of the 11 September 2001 bombing of the New York World Trade Center. Even a highly successful airline such as SIA has had to consider pay cuts and downsizing strategies to deal with this crisis.

However, for Nalco Chemical Company (Nalco) the strategy may differ, providing a more customized service approach on a country-specific basis. The strategy is to provide prompt and attentive response to customers' needs and hence an HR strategy emphasizing, *inter alia*, competencies needed to do this most effectively. Nalco and SIA's HR strategy, like that of Heidelberg, Siemens and UPS, includes a conscious effort to enhance diversity of staff in its global operations through careful attention to talent selection, especially for international assignments. SIA and Solarprojekt, too, have a particular focus on recruitment for cultural fit and common values. SIA is internationally renowned for its particular attention to seeking a match of prospective

employees and its high standard of service quality. Like Citibank, AG Heidelberg and Prudential Assurance Company Singapore (PACS), Siemens has an international staffing policy in this regard.

The latter company's prime HR goal is for HR to provide excellent support to its business units. It has network of nearly 447 000 employees in over 190 countries to benefit their customers, win new business and live up to the motto: 'Siemens – the global network for your success'. Siemens continues to strengthen its business portfolio with the aim of positioning all its businesses as leading players in the global market. The reshaping of Siemens to become a worldwide leading e-company has entered a particularly crucial phase. Siemens is networking the company's entire value chain, internally as well as externally to include customers, suppliers and partners. As Siemens applies its traditional core competencies through e-business, it is transforming the substance of the company. It is seeking to enable employees to access the company's pool of knowledge and finally market their e-business know-how to external customers. This means an HR strategy with a strong focus on flexibility and requisite skills both acquired and internally grown. Siemens Singapore has about 5455 employees engaged in a wide range of activities, including engineering, design, software development, marketing, maintenance and manufacturing. Every ninth Siemens employee works in research and development. The aim is to encourage employees to become actively involved in company activities by submitting ideas and suggestions. Since 1997, the employee suggestion scheme has been known as the 3 Is programs, ideas, impulses, and initiatives – designed to contribute to the company's success.

Technology and financial deregulation are leading to dramatic changes in the financial landscape. Traditional demarcations among financial products are blurring. Distinctions between the banking, securities, insurance and fund management industries are diminishing. These developments have led to more mergers and acquisitions to enhance growth, achieve economies of scale and synergies of core competencies. The internet is transforming all aspects of the industry, consequently barriers to entry in Asia's national markets are gradually being lifted. There is now a belief that creating a more competitive insurance market is necessary to raise standards to match international best practice, and enable Singapore to be a leading center for insurance services in the Asia Pacific. Evolving consumer knowledge and sophistication have led to the rapid growth of non-traditional methods of distribution with a wider network of distribution channels. PACS ranks among Singapore's top three life insurers. It is a wholly owned subsidiary of the UK-based Prudential, which is one of the world's top retail financial products and services company with over S\$460 billion of funds under management. PACS is known for its quality service and innovative products. It was the first insurer in Singapore to introduce a comprehensive range of investment-linked insurance products in 1992. PACS commands market leadership in the product category and it has had over \$1.4 billion under fund management since December 1999.



The Prulink Singapore Managed Fund is the largest investment-linked insurance fund in Singapore. Moreover, like Siemens, it is at the cutting edge of technology, focusing on increased efficiency with virtual office solutions. Like other firms in our investigation, such as SIA, Siemens and UPS, it has received several awards for consistently high performance, and quality products and services. In 2000, it was named Asia's Life Insurance Company of the year. What clinched the award for PACS was their commitment to innovation, to constantly deliver the best products and services to our customers. The requirement for specialized knowledge is high in this industry. PACS was recently accorded the 'People Developer Award', in part attributed to the management emphasis given to human resource development required for the launch of innovative new products and incentive schemes like the 'Dream Card', which benefits both agents and clients. Like SIA its share price has remained relatively stable in the recent economic downturn. UPS similarly has a philosophy of 'putting people first' as a basis for its HR strategy, using several HR process, including HR development, careful selection, share ownership and performance-based pay, career development and high employee involvement. Heidelberg, too, has a strong HR focus on creating an intensive formal and informal dialogue with its employees, participation in success, through flexible pay.

Table 2 **Ten high performance human resource practices**

High performance HR initiatives	Frequency (N = 8 MNCs)	Human resource outcomes
Strong values/principles driven and value creating culture	7	Cohesive culture, individual identification\organizational commitment
Significant investment in human technical, resource development	7	High retention, global competencies, business and social skills
Targeted recruitment for individual-culture fit	6	Staff stability, motivation & retention
Integrated alignment of staffing performance management, & career development	6	High-performance standards, motivation, work commitment
Distinctive managerial styles aligned with core values	6	Integrated individual & organizational goals, job commitment
Performance-based, flexible pay	5	Clear performance standards, high motivation, retention
Promoting global staff diversity	5	Improved inter-group relations, perceived equity/workplace justice
International staffing policy for career planning	5	Career & succession plans for required global competencies
High employee involvement	4	Organizational commitment, better communication & teamwork
Organizational & work process design, supporting HR systems	4	Job commitment, satisfaction, productivity

Table 2 gives a summary of strategic HR practices, process and their outcomes. The table underlines the importance attributed by almost all MNCs to clearly defined and effectively internalized core values underpinning an HR strategy. Equally often cited is the priority given to investment in internal human resource capacity building, even though targeted recruitment strategies to buy in needed competencies are also considered vital by most MNCs. Multinational firms do not necessarily see these as mutually exclusive. Integrated staffing, career and performance management programs are considered by most MNCs as vital ingredients of a holistic HR strategy. Performance-related and flexible pay systems are more popular with US MNCs than those from Germany and Singapore. This may in part relate to cultural effects on HR policy choices and standardization of head-office developed HR practices internationally. A common thread through virtually all the HR strategies is the 'internationalization' across cultures of HR practices aimed at enhancing global performance. Examples include career and succession planning and human resource development, the search for global business talent and cross-cultural adaptability in selection and promotion criteria. Hence, although the ten factors in the table are given frequency ratings, they cannot readily be considered as discrete practices, as in most of the MNCs these practices usually are part of a 'bundle' of integrated practices aimed at achieving particular HR and organizational outcomes.

The next sections provide a more detailed evaluation of key HRM practices aimed at performance enhancement, using the McKinsey 7 S framework. Table 3 offers a detailed summary of the key features and practices of SHRM in each of the eight cases also using the McKinsey framework.

### **Structural and systemic support for SHRM**

Although strategy may arguably determine or at least influence structure, it may be more apt in a highly competitive global context to have flexibility in organization design. The structure of Nalco Pacific is a flat matrix, headed by the divisional president, assisted by the functional managers with regional responsibility. The relatively flat structure reduces layers of bureaucracy and enables quick decision-making. Such an approach is essential to the company's customized on-site service approach, where the sales engineer is given the task to negotiate with customers, to decide on the chemical type, quantity and application program to be implemented. It is also consistent with the company's emphasis on prompt response to solve customers' problems and create satisfaction. Most of the other case firms such as Heidelberg, Siemens, and Prudential had some form of decentralized regional or country strategic business unit, with HR strategies and systems aligned to the environment of these units. However, the impetus and innovation for new HR systems such as remuneration and performance management is mostly driven from the home country and implemented in the local context, sometimes with modifications. Human resource

Table 3 A profile of strategic HR factors using the McKinsey framework

HRM strategy	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6	Case 7	Case 8
Shared values	<ul style="list-style-type: none"> <li>International staffing policy</li> <li>Formal &amp; informal dialogue with employees</li> <li>Pay flexibility</li> </ul>	<ul style="list-style-type: none"> <li>International staffing policy</li> <li>Customer-oriented training</li> <li>HR systems to support internet communication internally &amp; customers</li> <li>HRD investment line-driven, specialized skills</li> </ul>	<ul style="list-style-type: none"> <li>High HRD investment</li> <li>Global diversity</li> <li>Excellent HR support for global business units</li> <li>Redesigning HR systems for e-networks</li> <li>Flexible &amp; requisite skills</li> <li>Employee involvement program</li> </ul>	<ul style="list-style-type: none"> <li>Staff selection for cultural fit</li> <li>Strong focus on quality, high performance</li> <li>HRD investment</li> </ul>	<ul style="list-style-type: none"> <li>Growth strategy HR linked</li> <li>Staff selection for cultural fit</li> <li>Seek specialized knowledge, talent with practical bent</li> <li>Formal policies/HR practices</li> <li>Centrally developed HR strategy</li> </ul>	<ul style="list-style-type: none"> <li>Careful focus on international staff selection</li> <li>Global diversity</li> <li>Building stakeholder value supported by HRM</li> <li>Performance-orientated rewards</li> </ul>	<ul style="list-style-type: none"> <li>International staffing policy</li> <li>HRD for service quality</li> <li>HR support for innovation</li> <li>HR quality focus</li> </ul>	<ul style="list-style-type: none"> <li>Airline industry dependent</li> <li>Staff development for local, customized service</li> <li>Financial participation &amp; career development</li> <li>Recognizing &amp; rewarding innovation, high performance</li> </ul>
Structural support	<ul style="list-style-type: none"> <li>Leadership markets, technology, value creation, customer orientation, top-quality, motivated staff &amp; global presence</li> </ul>	<ul style="list-style-type: none"> <li>Attracting the right people</li> <li>Service excellence</li> </ul>	<ul style="list-style-type: none"> <li>Strong care values: customers govern actions, innovation shapes future business success/economic value added</li> <li>Leadership, excellence (programs)</li> <li>Creating worldwide capabilities</li> </ul>	<ul style="list-style-type: none"> <li>Pursuit of excellence</li> <li>Loyalty to staff</li> <li>Highest service levels</li> <li>Employee learning</li> <li>High performance</li> </ul>	<ul style="list-style-type: none"> <li>'Practical idealism'</li> <li>Teamwork collaboration &amp; communication</li> <li>Specialized knowledge creation/retention</li> </ul>	<ul style="list-style-type: none"> <li>Building value for customers, employees, shareholders &amp; community</li> </ul>	<ul style="list-style-type: none"> <li>High performance leadership</li> <li>Quality products</li> <li>Customer service excellence</li> <li>Commitment to innovation</li> <li>People development</li> </ul>	<ul style="list-style-type: none"> <li>UPS Charter strategy, mission, purpose and values</li> <li>'Putting people first' philosophy</li> <li>'Building up others'</li> <li>Values: integrity, excellence, customer needs, people &amp; innovation</li> </ul>
Structural support	<ul style="list-style-type: none"> <li>Decentralized, regional business unit</li> <li>HR strategies home-country driven</li> <li>Ongoing direct participation</li> <li>Employee recognition &amp; reward</li> </ul>	<ul style="list-style-type: none"> <li>Increased regional decentralization</li> <li>Technology impacting traditional lines of communication</li> <li>Achieving best fit: individual and active</li> <li>Encourage learning &amp; development</li> </ul>	<ul style="list-style-type: none"> <li>Decentralized, regional &amp; country business units</li> <li>HR strategies home-country driven</li> <li>HR structures in countries &amp; business units</li> <li>Technology influences structure/decision processes</li> <li>Underpinned by core values e.g. encouraging learning, continuous improvement</li> <li>Direct employee involvement/contribution</li> </ul>	<ul style="list-style-type: none"> <li>Centrally driven decision structure</li> <li>Performance accountability</li> <li>Business units based on setting high standards</li> <li>Achieving best fit: individuals &amp; culture</li> <li>Relatively formal but developmental</li> </ul>	<ul style="list-style-type: none"> <li>Regional/ country HRM policy centrally driven</li> <li>Alignment of individuals &amp; core firm values</li> <li>Foster teamwork, collaboration, communication</li> <li>Informal</li> </ul>	<ul style="list-style-type: none"> <li>Fiat matrix, with functional managers</li> <li>Regional responsibilities</li> <li>Informal relationship decision-making structure</li> <li>Low status differentiation, open door</li> <li>Values: integrity, self-discipline</li> </ul>	<ul style="list-style-type: none"> <li>Decentralized, regional business units</li> <li>Foster high performance, learning, service excellence &amp; innovation</li> </ul>	<ul style="list-style-type: none"> <li>Centrally developed HR strategies &amp; goals</li> <li>Regional alignment</li> <li>Balanced scorecard measures through structural levels</li> <li>Managerial lead dialogue with employees</li> <li>Performance recognition &amp; reward</li> <li>Fit: individual into culture</li> <li>Line leadership: people oriented</li> <li>Relatively informal</li> </ul>

Table 3 A profile of strategic HR factors using the McKinsey framework (cont.)

HRM strategy	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6	Case 7	Case 8
Staffing	<ul style="list-style-type: none"> <li>Recruitment mostly at junior levels</li> <li>Specialized skills &amp; culture fit</li> <li>Considers cyclical factors/staffing flexibility</li> <li>Core competency identification</li> </ul>	<ul style="list-style-type: none"> <li>Specialized industry skills</li> <li>Cultural fit</li> <li>Internal development &amp; career planning for local &amp; global operation</li> <li>Trainability &amp; service orientation</li> </ul>	<ul style="list-style-type: none"> <li>Fostering diversity for innovation &amp; continuous improvement</li> <li>Integrated staffing &amp; global career planning</li> <li>Overseas assignments, job rotation</li> </ul>	<ul style="list-style-type: none"> <li>Rigorous staffing process to align with culture &amp; service ethic</li> <li>Critical performance attributes, basis for selection</li> <li>Seek high-quality talent, with clear policies re: executive recruitment &amp; career development</li> <li>Integrated HR systems with early career job rotation</li> </ul>	<ul style="list-style-type: none"> <li>Outsourcing certain competencies</li> <li>Finding right mix of core and non-core skills</li> <li>Culture fit</li> <li>Aligned HR systems re staffing, development &amp; career paths</li> <li>Flexible staffing re: cyclical business</li> </ul>	<ul style="list-style-type: none"> <li>Diversity, talent attraction for innovation</li> <li>Geocentric policy</li> <li>Non-discriminative policies</li> <li>Integration of staffing, performance and career plans</li> </ul>	<ul style="list-style-type: none"> <li>Specialized industry skills</li> <li>Cultural fit</li> <li>Integration of staffing, performance &amp; career development plans</li> </ul>	<ul style="list-style-type: none"> <li>Diversity re: global staffing; overseas assignments</li> <li>Integrated HR systems to support staffing</li> <li>Job rotation in early career</li> <li>Rigorous selection re: cultural fit</li> </ul>
Systems & skills (particular HRD)	<ul style="list-style-type: none"> <li>Skill acquisition plus internal development</li> <li>Extensive vocational skills qualification programs</li> <li>Variable pay</li> </ul>	<ul style="list-style-type: none"> <li>Focus on both recruitment &amp; staff development</li> <li>Ongoing HRD opportunities</li> <li>Technology-driven HRD</li> <li>Productivity linked pay</li> </ul>	<ul style="list-style-type: none"> <li>Large investment in skills formation: technical, social, business</li> <li>Promoting continuous learning, for new technologies with action learning</li> <li>International competency building</li> <li>Promoting multicultural work force</li> </ul>	<ul style="list-style-type: none"> <li>Distinctive skills acquired &amp; developed</li> <li>Culture of learning, skills upgrading</li> <li>Continuous learning, structured job rotation, &amp; international management education</li> </ul>	<ul style="list-style-type: none"> <li>Focus on both recruitment &amp; internal development</li> <li>Performance-linked pay</li> <li>'Soft' skills training</li> </ul>	<ul style="list-style-type: none"> <li>Technical skills</li> <li>Ongoing training &amp; retraining programs, career planning</li> <li>Pay for performance</li> </ul>	<ul style="list-style-type: none"> <li>Distinctive skills acquired &amp; developed</li> <li>Constantly innovate to differentiate</li> <li>Continuous learning provided</li> </ul>	<ul style="list-style-type: none"> <li>Continuous learning</li> <li>Service orientation</li> <li>Career planning</li> <li>'Think-learn-act' program</li> <li>Pay for performance</li> </ul>

Company key:

1 = AG Heidelberg  
6 = Nalco Chemical Company

2 = Citibank  
7 = Prudential Life Assurance

3 = Siemens AG  
8 = United Parcel Service (UPS)

4 = Singapore International Airlines (SIA)

5 = Solarprojekt GmbH

and career planning systems in MNCs are done on a more holistic, global basis, given the desire of MNCs to ensure continuity of senior management, *inter alia*, through expatriate assignment programs. The most significant pressure for convergent HR systems was to ensure a globally consistent approach to performance management. The latter is especially key to achieving bottom-line financial objectives which are usually set by the home country.

### **Aligning shared values, organizational goals and human resource priorities**

From table 3 it is evident that there are similarities in espoused values in several of the MNCs. However, differing processes are used in formulating and implementing these core values, goals and HR priorities. Siemens started with a centrally initiated international survey to identify which values were most important to their employees cross-culturally, what motivated them and what they sought to achieve. This formal approach established an internationally and cross-culturally common set of values. They in turn formed the basis of seven strategic principles. These included: customer-centered actions, innovation for shaping the future, creating economic value to optimize quality, cost and financial success, leadership excellence, corporate citizenship, learning as key to continuous improvement, and creating worldwide capabilities based on co-operation trust, integrity, mutual respect and open communications. These values underpin human resource initiatives taken globally and are systemically reinforced by performance management and reward systems. In this process three key stakeholders are identified, namely customers, employees and shareholders. The basis of the business and aligned HR strategy is to seek a congruence of the needs and interests of these groups. In Siemens, new ideas submitted by employees enabled the company to cut costs by €241 million in 2000, an increase of 25 percent over the previous year. There is a recognition that local culture and needs of business units may differ internationally, with headquarters communicating HR guidelines to international business units for implementing the overall HR strategy. A quite robust process is used to obtain local labor market, technological and work process trends and business unit needs in each country to inform these HR guidelines.

Corporate values focusing on human capital in Heidelberger AG ('Heidelberg') are aligned to its broader key goals of market and technological leadership through top quality, customer-oriented, value creation in the internal and external value chain. As with SIA, human resources values aim at supporting a high-performance work culture focus on employee learning, skills development and work motivation. In Solarprojekt GmbH, two key values are important. First, the development and retention of specialized knowledge is key to its HR and business strategy effectiveness, and second, ensuring early career cultural fit by careful selection of young graduates. There is a strong, formal emphasis on shared values. This is especially so in SIA

where values of organizational commitment and loyalty remain important. In SIA, some 20 percent of its staff has 20 or more years of service. As with SIA and Citibank, prospective employees in Solaprojekt are carefully screened for their attitudes and beliefs, for example, in collaborative team working and service ethic. Effective communication is considered a key value in most of the companies studied. An internal newspaper and company-sponsored social events play a key part in creating and institutionalizing its core values. The corporate culture in these companies is strong and visibly evident, but less formalized, though quite distinctive or idiosyncratic in SIA and Solarprojekt. These firms have for long been values-driven, no more so than UPS, which has a strong reputation for innovation in its employee relations. Its culture is manifested in several explicit ways. These include 'shared things' (artifacts/objects) such as the UPS Charter which serves as the 'cultural fabric' to facilitate all employees working towards common goals; 'shared sayings' (talk), for example, UPS people are referred to as 'UPSers', its airplanes termed 'Brown tails', and its wholly owned subsidiaries are known as 'Brown Countries'; 'shared doings' (behavior) with every employee having a 'Policy Code Book' issued as a guide to ethical behavior and standards of integrity. Employees address each other by first names; 'shared feelings' (emotion) with employees socialized to 'think like a customer', regardless of rank or function. The company's core values are strongly led by the founding philosophy of Jim Casey. Its charter is a statement of its strategy, mission, purpose and values. It serves as a guide to decision-making, clarifies conflicting priorities and creating new opportunities. 'Putting people first has always – and still does – run deep in our culture' (Lea Soupata, Corporate HR Manager UPS).

Singapore International Airlines and UPS have received international acclaim for strong global performance and industry leadership. Much of this is credited to their distinctive and value-adding human resource approach based on strongly institutionalized values supported by appropriate human resource practices and initiatives. Clear values drive an organization's mission, strategic plans and behavior. This is especially evident in SIA and UPS where explicit values of integrity, customer service, innovation, relentless quest for excellence and sound people management, have guided SIA for over 20 years and UPS for more than 90 years.

Almost 20 per cent of staff in the SIA group had clocked 20 or more years of service. This was a sign not of decrepit old age, but of staff loyalty, commitment and dedication to the SIA Group and its core values. (SIA Deputy Chairman and CEO)

These values create a road map and provide a cultural anchor and source of organizational identity for its employees. 'When you combine employee ownership with a culture that gives people authority and responsibility for decision-making, you have got a recipe for hero stories' (Jim Kelly, CEO UPS 1999).

UPS seeks to create optimal conditions for career development in terms of a 'challenge fit, skills fit, interest fit and values fit' between the individual, a manager and the organization. The theme of a culture of continuous learning and capitalizing on new knowledge is evident in most of the case-studies. Similarly, a conscious focus on carefully managing the sometimes conflicting needs of stakeholders such as customers, employees, suppliers and shareholders, is common to most of the firms studied. Almost all prioritize the importance of building value for stakeholders. Nalco, for example, has a philosophy of building value for customers, employees, shareholders and the community. Its HR or people values are quite similar to those of UPS and Siemens. As with the other case firms, it tends to emphasize the relative autonomy of operating units, but with coherent and well-communicated corporate values, which seek to bind the organization globally.

### **Managerial styles**

Alignment of HRM strategies and managerial styles tends to reflect a strong centrally driven managerial ethos and reward system in most MNCs in this study. This may occur in spite of decentralized organizational structures which devolve responsibility and accountability within parameters. Table 3 highlights a relatively common emphasis on managerial styles which foster:

- employee development and learning,
- dialogue and involvement and,
- cultural fit with the organization.

The latter seems especially important to MNCs. In Siemens a relatively high degree of flexibility is encouraged in meeting market demands, where allocation of managerial and financial resources and competencies is made to areas where competitive advantages and superior value can be generated. There is combined benefit of focus and diversity to create improvement in shareholder value. Individual groups within decentralized market segments are responsible for their worldwide operations, with regional business units supporting their efforts. The seven core operating principles based on identified core values underpin managerial styles, for example, encouraging employee learning as key to continuous improvement. This is similar in SIA. In Siemens encouraging employee ideas and improvement suggestions is part of a preferred style to solicit employee direct involvement and contribution. Guidelines for HR strategy implementation permit recognition of distinctive cultures and local institutions.

Extensive training and a qualifications framework are provided for employees to enhance their employability, skills and social competencies, the latter being important in developing managerial skills and particular styles. There is apparent recognition that a diverse workforce is important in global

markets and for contextually appropriate managerial styles to support the implementation of HRM strategies. Both UPS and the Heidelberg group encourage managerially initiated dialogue with employees. Generic to managerial styles in both these firms is performance recognition and a reward system based on participation in the firm's success, which includes an employee share option scheme. Variable pay and other types of performance-related pay reflect a high-performance culture in Heidelberg and Solarprojekt. As in Siemens and Solarprojekt, a centrally developed HR strategy in Heidelberg permits local adjustment and some flexibility, but within parameters of core shared values and operating principles. Managerial styles in Citibank, Prudential, SIA, Solarprojekt and UPS have a distinctive emphasis on achieving the best fit of individuals and corporate culture. This was seen as more important than recruitment for technical skills only, as these firms felt that the latter could be developed through further education and training. Solarprojekt's unusually flat structure enables managerial styles to foster a culture of teamwork, collaboration and effective communication. Solarprojekt would also appear to have, together with Nalco, the least formal approach in its day-to-day managerial practices. Nalco's decentralized decision-making structure is supported by managerial styles and a culture with low status differentiation, open-door policy, encouragement for a first-name mode of addressing fellow employees, including seniors, no clocking of time sheets, but rather a reliance on the integrity and self-discipline of the individual.

These styles and managerial practices are encouraged throughout its global operations, notwithstanding cultural differences. In UPS, a strong emphasis is put on line management effectiveness in managing people, a notion generic to a strategic approach to HRM. The core values around 'putting people first' are intrinsic to its culture and therefore managerial performance expectations. The company's very strong culture is reflected in a people-oriented managerial style, which is in part relatively informal, but supported with HR systems aimed at aligning, values, beliefs, performance expectations and behavior in a strong but adaptive organizational culture. In SIA, in spite of strict cost-control measures, there is a particularly strong focus on the developmental role of managers, given the company's commitment to training and developing its employees through formal programs, university scholarships and executive training, complemented with job rotation including overseas assignments.

### **Staffing – a strategic approach**

The strategic staffing of an organization extends beyond recruitment and selection to fill a particular vacancy. It concerns the alignment of an organization's strategic goals and the human competencies needed to achieve them and attain a differentiated competitive advantage. Most of the MNCs in this study appear to have a strategic approach to staffing which focuses strongly on policies and practices for staffing global operations, specialized, industry-



specific skills, cultural fit and local diversity considerations (see table 3). This includes identifying what core competencies are required, and what recruitment and selection initiatives and practices will best serve to attract and retain talent in both regular, standard employment and contract/contingent positions. Careful selection includes criteria, which focus not only on technical or formal qualification and skills, but also, poignantly, on cultural fit between the applicant's attitudes, values and personality and the organizational culture.

In most cases, the MNC would also seek to enhance the multicultural diversity of the workforce, given the particular ethnic/cultural diversity of a host country. The companies did not consider increased workforce diversity and the need to maintain a strong, coherent corporate culture as inconsistent. Rather, diversity recruitment is seen as beneficial in encouraging innovation, creativity and a culture of continuous improvement in firms such as Siemens, Nalco, and UPS. Singapore International Airlines is particularly rigorous in its staffing processes, seeking to optimize the integration and alignment of an individual with its espoused culture of excellence and customer service. Its selection and recruitment approach resembles that of the well-known South West Airlines, focusing on hiring people on the basis of identified critical success factors found in high-performing individuals and the core values of the company.

The German company Solarprojekt has a stronger focus than the other firms in this study on outsourcing certain manufacturing competencies and a staffing strategy to ensure that it has the right mix of core and outsourced skills. Its business strategy is focused on organic growth rather than acquisition. This gives it the capacity to give much attention to both recruitment and internal development of the key skills it needs. Its emphasis, too, on cultural fit in the staffing process is common with virtually all the companies in this study.

Most of the firms indicated a clear policy of internal career development and promotion from within. This is premised on recruiting and selecting the requisite human talent to meet future high level staffing needs. Most hiring is done at a junior level. This does not, however, mean that external recruitment is never used at senior level. Importantly, firms such as Prudential, SIA, Solarprojekt, Nalco, Siemens, and UPS show a clear and integrated alignment of staffing strategies, performance management and human resource and career development plans. Nalco adopts a geocentric international staffing policy. Its objective is to seek the best people for a job with executives of its strategic business units comprising both local citizens and expatriates selected on the basis of job performance. There is a clear focus on non-discriminatory staffing practices in respect of race, ethnicity and nationality aimed at attracting the best talent. Approximately 150 of its Singaporean headquarter's employees are from twelve different countries. A public image as 'an employer of choice' has enabled several of the companies studied to attract high-quality talented people, even when cost-cutting imperatives have reduced the relative attrac-

tiveness of pay packages. This is particularly the case with SIA and Solarprojekt. Over the years SIA has developed clear policies for executive recruitment and career development. Virtually all executives recruited are graduates with good honors degrees, and also will fit into the company's culture. As with several of the other MNCs, SIA offers attractive scholarships to attract good candidates. Early career job rotation after every two to three years, with opportunities to work abroad and/or hold key opportunities in related subsidiaries, also provides a motivational measure for key executives in companies like Siemens, SIA, and UPS.

Industry types, together with a firm's competitive strategy, were found to be related to staffing strategies of most of the MNC cases. Banking, for example, has particularly demanding investors regarding revenue, efficiency ratios, very tight cost control and return on assets. Citibank seeks industry-specific skills, trainability and a customer orientation in job applicants. The human resource manager interviewed stated: 'Better to be understaffed with the right people than fully staffed with wrong people.'

In virtually all the MNC cases, this attitude leads to a staffing process which is very careful in the selection process, emphasizing both learning potential, current skills and close cultural fit with the company. In at least five of the seven companies there appears to be sensitivity to ensuring fair representation and diversity of host-country people at most levels. In sum, staffing strategies are an important part of human resource planning to ensure that an MNC has the right people in the right jobs at the right time. In two of the companies this planning also aimed at ensuring relatively stable core workforce across business cycles, by staffing strategies aimed at hiring the cream of available talent, paying them highly competitive packages and retaining them, while employing a lean core workforce. With cyclical up-turns, increased use of non-core/atypical labor on temporary, short-term contracts, is made, rather than risk over staffing of the core workforce.

### **Human resource development as a strategic priority**

As we grow the business, we will tap even more of our peoples' talents. Our people have an amazing ability to learn and apply things that will help the company capitalize on opportunities both domestically and internationally'. (Vern Higberg, Corporate Strategy Manager UPS)

From table 3 it can be seen that a strong focus on both recruiting and internally developing skills and competencies aligned with organizational goals is a key finding common to the MNC cases. All but one considers buying in not to be a preferable strategy to internal HRD. One of Siemens' seven principles is to foster a culture of continuous learning, which includes encouraging employee initiatives, feedback and an international knowledge management network. Prudential, SIA and UPS's HRD is similarly driven by a continuous learning

philosophy. Human resource development is strategically rather than menu-only driven in most cases, and is aimed at providing critical competencies for strategic business units globally.

Siemens has a 'management learning programme', which applies a comprehensive approach to encouraging an entrepreneurial spirit, a performance orientation, enhanced team collaboration capabilities and global networking. It is an HRD initiative designed to reinforce strong customer focus, using principles of action learning for project work, intranet-based networking and enhanced personal initiative to acquire knowledge. Its purpose is to enable individuals to find innovative solutions for customer requirement and thereby endeavor to stay ahead of the competition. Heidelberg and Siemens both have extensive qualification and skills training programs to help employees enhance their employability by improving technical, business problem-solving and social skills. While all the case-study firms clearly provide opportunities for personal growth through continuing education and training, individuals are required to show their own initiative and take responsibility for defining and pursuing their development needs.

Being large MNCs operating globally, it is considered vital to provide key employees with the requisite knowledge and skills in increasingly complex and changing markets. Siemens has a competency program called 'international business and management skills', aimed at helping to build multicultural specialist teams, and imparting information and skills to be effective in international business settings. UPS has a program called 'think-learn-act' (TLA), a formal process aimed at enhancing an employee's sense of esteem by encouraging ideas, new thinking and providing training and tools to enable enhanced contribution and motivation. Career planning and review meetings serve both a retrospective performance evaluation purpose, but more poignantly, a prospective employee developmental role.

In Siemens, over 150 000 people have taken part in continuing education programs in the past few years. A large part of the training is provided by its Qualification and Training business unit, which utilizes innovative training methods and state-of-the-art technology, designing both customized and standard course for particular business needs. Methods include self-directed learning with multimedia computer support, teletutoring, workshops and computer networks for virtual teamwork on business projects. Siemens invests more than €300 million annually in HRD in Germany alone and €500 globally. The former is equivalent to the annual budget of an average German university. Approximately half of this amount is spent on vocational training and continuing education, with 5 percent going to management development. Siemens has 12 000 trainees world-wide in vocational training and continuing education, with a strong focus on industrial technologies and IT systems. Other company stakeholders such as customers and suppliers have shown a growing interest in utilizing Siemens's training and continuing education services. Ultimately, the aim of this investment in human capital is to ensure

that the company has the capability to ensure its global business units are staffed with a multicultural workforce with both uniquely high skill levels and globally consistent competency and performance standards.

Our aim is to motivate our employees so highly through our world-class products, challenging tasks and outstanding opportunities for training and continuing education that they channel their entire potential for ideas and suggestions into the company over and over again. (Dr Hermann Roemer, Head of 3i program Siemens)

Like Siemens, Heidelberg and Nalco have several programs to improve to skills of employees. Heidelberg's HRD has a strong global focus, with multicultural seminars for acquiring knowledge and skills to communicate and negotiate cross-culturally and to address customer needs in different environments. Some 4000 of its staff are undergoing such training worldwide. As with SIA and UPS, Heidelberg and Solarprojekt put much emphasis on preparing managers for international assignments, through international management and project development programs. Solarprojekt, for example, has a course for its expatriate staff in Turkey on understanding the business culture in that country.

Most MNC cases have trainee programs aimed at providing basic vocational training, often in conjunction with universities and technical institutes. This is especially the case in German firms. The evolving notion of a corporate university is taking root in about a third of the MNCs studied, with vocational courses such as printing management in Heidelberg and engineering courses in Solarprojekt, followed by advanced management programs such as an MBA and executive development programs at international business schools for identified senior executive candidates in these firms as well as in Nalco, Siemens and SIA. For most of the MNC cases, HRD extends beyond formal education and training initiatives. It is not considered a role exclusive to an HRD function. In Citibank and Heidelberg, for example, there is a strong line-driven approach to HRD, where a line manager does often both formal and on-the-job training. In Citibank, the requirement for specialized banking skills is a key driver of this approach. Especially in investment banking, developing and retaining talent with differentiated skills can result in competitive advantage.

Employee development and growth is also enabled by job rotation (e.g. in SIA), cross-functional moves and opportunities to run overseas operations. Developmental needs include identifying training needs as well as opportunities for leadership nurturing in firms such as SIA and Siemens. Human resource development is a major priority in all the case-studies, so as to ensure that as part of an integrated HR plan, the organization has the competencies needed to compete globally by fostering a culture or ethos of continuous learning. This imperative appears common to all the case-studies.

## Discussion and conclusions

An aim of this investigation is to explore what types of HR strategies are in use in MNCs in Singapore. A key finding is that organizations do not rely solely on one human resource initiative or core focus. Consistent with Huselid et al. (1997) and Wright, McMahan and McWilliams (1994), most have a coherent bundle or portfolio approach in selecting interdependent HR interventions directed at business objectives derived from an organizational strategy. This is also is pertinent to the second aim of this study which is to evaluate the development and diffusion of HRM strategies, considering the relevance of local context. Effective HR strategies do not exist in a vacuum. They form an integrated and holistic framework which includes alignment with shared values organizational structures, appropriate support systems, staffing and skills acquisition and formation strategies, and leadership styles. This is consistent with Becker, Huselid and Ulrich (2001), Fitz-Enz (2000), Jackson and Schuler (1995), Pheffer (1998), Dreher and Docherty (2001). The latter refer to this as a 'configurational' approach (as compared with a universalist approach), which includes three elements: vertical and horizontal integration and an contingency perspective. Horizontal integration or fit appears to be particularly important in MNCs seeking alignment across national and cultural boundaries.

Shared values form the basis for a corporate culture supportive of a particular HR strategy. These values reflect, articulate and reinforce an organizational culture. Our findings are consistent with the conclusions of Wright et al. (1995) regarding the perceived importance of a relationship between diversity and organizational performance factors. In this sense, the extent to which a HR strategy is effectively institutionalized at operational level is more strongly a function of the values 'in use' than espoused values. The process used to determine and articulate shared values is important. Our research shows that this differs in MNCs – it may be more or less formal and a top-down process with varying degrees of employee participation, ranging from a unilateral imposition of espoused values held to be important by top management, to consultation of employee representatives, to one of constructive engagement directly with employees. Managerial styles are a function of the leadership ethos, culture and values in use in an organization. They clearly differ in MNCs, variously reflecting the influence of a dominant or even hegemonic culture driven by a powerful central head office, to the influence of idiosyncratic styles, which are regiocentric reflecting managerial preferences high in (local) context (Berrell, Wrathall and Gloet 2001).

Given a particular business/HRM strategic fit, organizational structure may become more flexible with a regional strategic business unit form most common, especially in the context of increasing mergers acquisitions and global joint ventures. Although a recent recession has seen deterioration in profitability of several of the MNCs in this investigation such as SIA, Siemens and

UPS, they appear to be quite resilient in their ability to maintain their seven 'S' alignments. This is important for a robust and sustainable HR strategy.

Our findings support the work of others (Becker, Huselid and Ulrich 2001; Fitz-Enz 2000) that measurable value-adding HR strategies focus on both cost effectiveness and, more poignantly, on HR initiatives and high-performance practices which build value and enhance individual and organizational performance. A consistent strategic theme across all MNCs is a significant commitment to HRD. Though most buy in new skills for global operations, there are also several very large programs to build skill capacity internally in firms such as Siemens and UPS. None of these firms rely on a low labour-cost strategy. Rather they concentrate on value-adding and cost-effective HR processes.

The MNCs studied show that regardless of location, the use of globally diffused HR strategies and particular HR systems create and reinforce a strong and differentiated corporate culture and core values, even where the host-country culture may differ. This finding is supported by often convergent HR systems such as performance management. Performance management is mostly initiated by the parent company to set a global direction, performance goals with consistent standards, and manage expectations and key results areas. Performance management, reward and career planning systems and firm specific human resource development initiatives serve to infuse desired values and performance goals. They seek to reinforce central control and cross-cultural behavioral consistency through a cohesive global corporate culture with common values.

There is strong evidence of flexible implementation cognizant of local context in MNCs like Siemens and Prudential Insurance. The stronger the capability for implementing a strategic HRM approach, the more resilient these MNCs are in times of economic crisis. This does not mean that they do not suffer the adverse impact of a crisis, but that they are better able to weather turbulent change than those less strategically focused. Where flexibility is tolerated it is in the implementation process of these systems. Here idiosyncratic attributes of local context may be variously tolerated or consciously incorporated into the implementation process enhancing the local credibility of these HR interventions. Theoretically, the above conclusions are consistent with Heenen and Perlmutter's (1979) notion of geocentricism. They are important in relation to the work of Lu and Bjorkman (1997) in exploring the issue of standardization and localization in Chinese and western firm joint ventures, and the larger debate regarding convergence–divergence (Brewster and Tregaskis 2001; Schuler and Jackson 2001). More theoretical work is needed to further develop models or conceptual frameworks for understanding the dynamics, processes and critical success factors in cross-cultural HRM diffusion. Contingency and resource-based approaches are helpful, but case-study research would assist in perhaps moving beyond a view of 'it depends...'

In terms of practical implications, our findings offer a rich picture of HR strategy in practice, made more plausible by the qualitative approach adopted. Effective HR strategies appear to:

- enhance organizational sustainability and internal cohesion, especially in a downturn cycle. This occurs through a strong emphasis on managing and diffusing core values and a particular corporate culture through HR systems support such as distinctive staffing strategies, performance management and continuous learning.
- create a positive link between their HRM strategies and initiatives and organizational performance, and confirm that a strategic approach to HRM is aimed at enhancing competitive advantage. These findings support studies such as those of Becker, Huselid and Ulrich (2001), Becker and Gerhart (1995), Huselid, Jackson and Schuler (1997), Kallenbach and Moody (1994) and Pfeffer (1998), which consider the link between HR effectiveness and firm performance.
- set a distinctive, strategically differentiated HR purpose with often innovative and unique interventions, even though there are several common HR processes across the eight companies.
- innovate both differentiated and strategically aligned HR systems and initiatives which create value for customers.
- integrate globally or home-country initiatives adaptively and with sensitivity to local context, including institutional environment, culture and labor relations systems.

There is a need for further research on 1) variables which impact on the diffusion of SHRM initiatives especially in emergent economies in the Asia Pacific and African regions; and 2) the effects of these interventions on MNC performance, work and organizational commitment, and procedural and distributive justice. Whether and how these factors are similar or differ from contemporary research, which has occurred primarily in North America, is important both theoretically and practically.

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**K.H. Chew** is Associate Professor in the Strategy Management and Organization Division at the Nanyang Business School, Nanyang Technological University, Singapore. She is currently engaged in research into cross-cultural human resource management, strategic human resource management and organizational downsizing.

**Frank Martin Horwitz** is Professor at the Graduate School of Business, University of Cape Town, South Africa, and Visiting Professor in the Strategy, Management and Organization Division at the Nanyang Business School, Singapore. His research interests include flexible work practices, employment discrimination, international and cross-cultural human resource management, managing knowledge workers, mergers and acquisitions and organization restructuring.

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 Appendix      **Semi-structured interview themes**


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- 1 How would you describe your company's human resource strategy?
  - 2 What are its key features?
  - 3 What priorities does it seek to address?
  - 4 Is/(how) it aligned to the firm's business strategy?
  - 5 What specific human resource processes or initiatives are used to enhance performance?
  - 6 How effective are they?
  - 7 How /where is your HR strategy developed?
  - 8 What issues were important in implementing it here?
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