Comparative international human resource management: Future research directions☆

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Available online xxxx

A B S T R A C T

There are numerous under-researched topics that fall under the umbrella of comparative international human resource management (IHRM) theory and practice. We address three in particular: talent management (TM), international mobility, and diversity. The degree of convergence of HR practices with Western-style so-called “best practices” is a topic of much dispute. We argue that sociocultural and institutional factors are critical determinants of HR practices, and we underscore the importance of the sociocultural context in IHRM. The reality unfolding is that of multiple factors, not exclusive to international best practices, playing a role in the development of HR practices in various international contexts.

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1. Introduction

Whether organizations and their HR practices are converging (i.e., becoming more similar, convergence perspective) or diverging in their practices (divergence perspective) is a matter of intense scholarly interest (e.g. Brewster, Mayrhofer, & Cooke, 2015; Mayrhofer, Brewster, Morley, & Ledolter, 2011). Although this debate has been ongoing for decades, it was only towards the end of the twentieth century that the convergence perspective garnered significant support. Earlier discussions on convergence cited increasing industrialization and technological advancement as evidence of organizations coming together in terms of using the same or similar practices. The divergence perspective points out the significant differences in institutional and regulatory systems that limit such convergence, although the apparent triumph of capitalistic modes of business operation in fact suggests a lessening in these differences.

This paper addresses specific less tackled areas in comparative IHRM. We propose three areas where the comparative IHRM scholarship has been lagging behind in theory and in practice: talent management, international mobility, and diversity. We argue that the extent to which HR practices do in fact converge in line with what may be considered best practices developed in Western societies is highly contested. Instead, sociocultural and institutional practices particular to each society have an important impact on determining HR practices. We are in fact witnessing a realization of the theory of crossvergence, wherein a combination of factors, beyond international best practices, shape HR systems.

We begin by briefly summarizing current knowledge on convergence, divergence, and crossvergence. We then focus on the three above-mentioned knowledge gaps, before proposing a review and research agenda to study each of these topics from a comparative perspective. We conclude with a list of research questions that may help future researchers uncover the nature of comparative IHRM.

☆ We thank Dr Marian Crowley-Henry and Dr Emily Porschitz for their comments on an earlier version of this paper.

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http://dx.doi.org/10.1016/j.hrmr.2016.04.007
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Please cite this article as: Al Ariss, A., & Sidani, Y., Comparative international human resource management: Future research directions, Human Resource Management Review (2016), http://dx.doi.org/10.1016/j.hrmr.2016.04.007
2. Convergence, divergence, and crossvergence theories

The convergence perspective posits that as societies become more similar to one another in terms of industrialization and the use of technology, values will eventually converge towards Western capitalism given that this is where most industrialization has traditionally occurred (Ralston, 2008). As it applies to HRM, the question is whether convergence towards such values—if such shift is accepted at face value—would ultimately result in a worldwide convergence of organizational practices, and thus a convergence in HRM. Some scholars assert that this may very well be the case and provide some evidence that this phenomenon is indeed already happening, at least in some HR practices. Chen, Lawler, and Bae (2005), for example, found that high performance work systems by Taiwanese companies were very much in line with practices of multinational corporations (MNCs) suggesting a convergence in that regard. Other scholars however have noted specific areas where there is a directional, though not final, convergence (Brewster et al., 2015). Such findings challenge the case for complete convergence. Besides this, most convergence/divergence studies come from North America and Europe and to a far lesser extent from East Asia or other regions across the world. Very little is known about HR practices in other emerging countries including African, Latin American, and Middle Eastern regions.

The convergence perspective thus remains highly contentious. Not only is there no agreement about whether or not a parallel or similar shift towards the same values is indeed occurring in organizations across the world, there is also no agreement about whether or not such a shift needs to occur in organizational practices. The argument that values are not converging is not a new one. Earlier research in cross-cultural theory (Hofstede, Hofstede, & Minkov, 1991; House, Hanges, Javidan, Dorfman, & Gupta, 2004), and the ongoing search for cross-cultural variations in value structures (e.g., Schwartz & Bilsky, 1990) strongly indicate that—despite technological advancements, globalization forces, and the growing powers of MNCs—people from different cultural and geographical contexts are not the same and HR systems dealing with them are not, and need not be, the same. The established scholarship in international business (IB) about localization strategies, for example, suggests that companies are aware of the need to establish varying competitive strategies to fit different contexts and consumer tastes and behaviors. For internal customers—the employees of the firm, one can assume that the same logic applies.

On the other hand, the argument for using totally different HR systems from one context to another is also a moot point. Brewster et al. (2015) note three different distinctions and three commonalities between developed and emerging economies. The differences highlight that emerging economies generally have (1) different and less stable governmental regimes, (2) a larger informal sector which offers less protection for employees, and (3) different workplace relations based on cultural norms and traditions. The commonalities between the two types of economy include (1) a decline in trade union activism, (2) an increase of job insecurity and work intensification due to company desires for more efficient operations, and (3) skill shortage and imbalance in terms of both supply and demand. While these commonalities and differences suggest a limited scope for convergence, we argue that a closer look into global practices reveals an even more complicated story.

The crossvergence perspective, as far as HR practices are concerned, has been under-studied in HR scholarship. It promotes a ‘best fit’ approach to IHRM. Earlier HR research hints at crossvergence in certain circumstances. Sidani and Al Ariss (2014), for example, suggest that MNCs operate in such a way that certain practices converge (given their global usage) while other practices diverge (given local contexts), thus offering a crossvergence perspective. Brewster, Wood, and Brookes (2008) also find evidence of both similarities and differences in IHRM practices. Brewster (2004) presents a European perspective on human resource management suggesting the existence of institutional and cultural factors that do not conform to a pure convergence theory. Likewise, Rowley and Benson (2002) explore the difficulties and challenges facing HRM convergence theory in the Asian context (Zhang, 2012). Other contributions to the Human Resource Management Review also explore the existence of country/region-specific HR practices (e.g. Gooderham & Nordhaug, 2011; Huo, Huang, & Napier, 2002; Mayrhofer et al., 2011; Morley, 2004).

Although the intensity of globalization and market dominance by MNCs could lead to the conclusion that a convergence in HR practices is highly probable, evidence suggests that this is not necessarily the case. MNCs continue to differ in their HR practices as compared to local and regional firms and there is little evidence supporting a widespread trend of globalization of HR practices outside MNCs. On the contrary, there is a strong argument to suggest that local practices tend often to over-rule “best practices” implemented by experienced MNCs. For example, Donaldson (1996), and more recently Sidani and Thornberry (2013), argue that companies often find themselves involved in certain practices that have to accommodate local expectations and thus refrain from enforcing what would be considered best practice by Western standards.

Other recent research has also noted the shortcomings of the convergence argument. Sidani and Al Ariss (2014), in a study about GCC companies, show that international best HR practices are often overpowered by institutional and cultural practices. Sometimes it is the case that global firms would like but are unable to implement their own HR systems. Sometimes MNCs find it beneficial to adhere to the status quo that exists in the countries in which they operate thus refraining from enforcing their global practices. Whether companies should strive to implement their own best practices or not is a subject of both practical and ethical significance. Issues of labor rights including the right of women to participate in the workforce or of children to go to school are at times superseded by institutional factors or demands. Companies which subjugate themselves to the divergence perspective for the sake of maintaining harmony in the face of local pressures run the risk of compromising universal ethical considerations. The question that therefore requires further and deeper attention by researchers is to what extent should MNCs succumb to local market logic and neglect organizational obligations to ensure that treatment of laborers meets universal expectations?

Going forward, we argue that there are three areas that are in critical need for further exploration as they have so far received little research attention, and yet carry important implications.

Please cite this article as: Al Ariss, A., & Sidani, Y., Comparative international human resource management: Future research directions, Human Resource Management Review (2016), http://dx.doi.org/10.1016/j.hrmr.2016.04.007
3. A research agenda

The following section addresses three comparative IHRM themes identified as being underdeveloped both in theory and practice: talent management, international mobility and diversity. Each theme is examined separately including how it has so far been tackled in the relevant literature; suggestions are also made regarding directions for future research.

3.1. Talent management and IHRM

The numerous definitions ascribed to the term talent management (TM) highlight the progress that has been made in the field of modern HR. In this section, we build on the recent literature review proposed by Al Ariss, Cascio, and Paauwe (2014). Initially, the essence of TM was often conceived of as recruitment of the highest calibre of individuals, notably at managerial level, and identification of the particular qualities that distinguish a successful manager. Two different conceptions of TM are acknowledged: exclusive and inclusive. The former focuses exclusively on a top elite of employees, while the latter applies to all employees. In terms of IHRM, globalization has prompted the development of a more internationally focused understanding of TM, known as global talent management (GTM). GTM is interpreted by Vaiman, Scullion, and Collings (2012) as comprising the various means by which an organization achieves the attraction, selection, development, and retention of top talent in the highest global positions. Each company’s particular set of circumstances requires uniquely appropriate TM practices. The identification of core precepts of GTM was attempted by Stahl et al. (2012) for organizations to adopt and implement in attaining optimal performance. They find that companies would do well to design their TM strategies based on their own company values and objectives rather than seek to replicate successful TM practices used by other organizations. Therefore GTM is best guided by a “best fit” approach, rather than that of “best practice”.

Schuler, Jackson, and Tarique (2011) and Vaiman et al. (2012) identify several factors and forces that impact the TM process. We argue that the configuration of those forces and how they impact companies in different national contexts will yield TM practices that vary. For example, talent shortages internationally necessitate that companies look at talent, not only from a national perspective, but also from a global one. While the impact of talent shortages means that companies will converge on their need to manage global talent, it does not necessitate that they converge on how such talent is attracted or retained. Some MNCs short of talent will emphasize grooming internal talent; others would rather adopt competitive strategies to attract external ones.

Another force that impacts GTM relates to demographic fluctuations such as significant changes in the structure of migrant populations that disrupt labor markets. The Syrian crisis and the ensuing flow of refugees into some European countries could prove to be, in due course, a good example of this. Different countries would be impacted differently by this phenomenon. In those countries with institutional contexts that are more welcoming of the prospect to eventually include refugees in the labor force, unique talent attraction practices would be sought to fit the available workforce. Some European countries in the near future will likely face with the increasing attrition of their indigenous workforce as a result of the aging population, while at the same time witnessing a parallel increase of potential talent among the migrant population that could be effectively and productively cultivated.

The afore-mentioned research has also noted that employers branding themselves as socially responsible organizations would comprise an important factor in TM practices. While this was found to be the case in some research studies (e.g., Aiman-Smith, Bauer, & Cable, 2001), another more recent research suggests that this is not always true (Ohrlich, 2015). Despite the growing interest in CSR both in theory and in practice, it is still a nascent field and it becoming part of the corporate agenda of most organizations is still only a prospect on the horizon. Suggesting therefore that TM based on Corporate Social Responsibility (CSR) would become a mainstream organizational practice is far from being confirmed. Using CSR as a corporate tool to attract and retain talent could work for some organizations, in some national contexts, as proved by companies such as Aditya Birla's operations in India. Stretching the limits of this tool to include all contexts is however not likely to emerge as a universally viable TM practice.

Vaiman et al. (2012) report that there is what seems to be a permanent shift occurring towards a knowledge-based economy. Such a shift arguably leads to a change in the psychological contract between employers and employees. Employees now are unlikely to seek life-long employment and job security in return for their commitment, dedication, and loyalty. This factor, however, cannot be used as an explanation as to why TM practices would eventually converge. Firstly, the transition to a knowledge economy is not happening at the same pace in various national/regional contexts. In addition, even within knowledge-based economies, organizational practices need not converge. In a knowledge-based economy, professionals are dealt with as customers. Effectively, organizations would end up competing in two types of markets (Sveiby, 1997): the traditional market for customers, and another market for talent. Yet, even in the traditional market for customers, companies utilize divergent ways of attracting them, through emphasizing lower prices, better features, more convenience, better service, and the like. The same would apply in the market for talent: companies will continue to utilize various approaches to compete for the same talent pool even within the same country/regional context.

The above suggests that TM practices do not necessarily converge given various institutional and organizational contexts. Companies often find themselves stuck between competing pressures, either converging towards global practices, or diverging in response to local expectations. Such companies strive to legitimate their actions. Sidani and Al Ariss (2014) reported that companies find themselves in a position where they are expected to adjust their GTM practices in order to respond to local requirements. Without this, organizations lose legitimacy in specific contexts and become unable to operate. They have to strike a delicate
balance between their legal legitimacy and economic legitimacy. This suggests that divergent TM practices do not only occur between MNCs but also within MNCs’ various subsidiaries.

As noted earlier, one particular element often overlooked in GTM relates to the critical topic of international mobility and in particular skilled migration. While GTM practices are responsible for the deployment and management of talents wherever they are located across the globe (Shen & Hall, 2009), GTM must also answer to both employees and organizations to effectively manage internationally mobile employees (Al Ariss, 2014). In the next section, we lead a discussion on this topic.

3.2. International migration and IHRM

International migration has been on the rise over the last half century. Such global movement is attributed mainly to demographic changes, lack of skilled workers working globally, globalization of the economy and job market, and easier access across geographic as well as institutional and cultural borders (Howe-Walsh & Schyns, 2010). As this trend continues, the United Nations (UN) puts current global figures of migrant workers at 232 million (UN, 2013). Nevertheless, very little exchange seems to occur between the research fields of migration on the one hand and IHRM, or more generally management, on the other, despite the two following similar courses (Dorsch, Suutari, & Brewster, 2013). In particular, country-comparative work on the topic of the management of international migrants (as a source of global talent and competitiveness to organizations) is clearly missing. For instance, we do not know how national HRM practices differ in their selection, recruitment, attraction, retention, and training/development of international migrants. In this section, we build our discussion based on the literature review conducted by Chun Guo and Al Ariss (2015). We attempt to give a brief overview on what we know about this question from an IHRM perspective. Our aim is to help researchers identify what can be done in terms of future research on comparative IHRM/convergence/divergence.

At the macro-societal level, stimuli behind this global mobility away from home countries are multiple and diverse including war and instability, limited opportunities for work, and demographic change. Skilled international migrants are known to enhance the competitive advantages of their employer organizations, and moreover they contribute to sustaining the dominant positions held by their host countries in the global war for talent (Al Ariss, 2014; Cerdin, Dine, & Brewster, 2014). Yet, while this group has proven to be of considerable significance to both organizations and their host countries, there is a distinct lack of research into their IHRM (Al Ariss et al., 2014). In particular, national comparative HRM data on gender-related issues and the role of organizations in managing skilled migrants remain two key knowledge gaps in the literature (Chun Guo & Al Ariss, 2015). In the following paragraphs, therefore, we briefly discuss these two topics in particular while indicating how the management of international migrants might be better understood in terms of international and comparative HRM.

We now know that the number of women migrants is roughly equivalent to that of men (OECD, 2013), and that the labor force in certain fields (e.g., teaching and nursing) is almost entirely female (Kofman, 2000). Research on HRM converges on the fact that male and female migrants differ in regard to what motivates their international movement (Curran & Saguy, 2001), the risks they respectively face therein, and how easily they are able to adapt to and cope with new cultural contexts (Al Ariss & Crowley-Henry, 2013). For example, a woman’s decision to work outside her country is influenced to a far greater extent by her responsibilities and duties in the home and by obstacles encountered in her home country (Tharenou, 2008, 2010). Often, female migrants leave their home countries as a result of career barriers or in the pursuit of better opportunities for and attitudes towards women in the workplace apparent in other countries (Tharenou, 2010). Differences are furthermore acknowledged between the way men and women are treated in terms of recruitment, professional accreditation, and implementation of immigration policies leading to experiences of migration that can be described as gendered (Iredale, 2005). We propose that IHRM research should begin to explore, from a country-comparative perspective, the difficulties that women migrants encounter and what opportunities are available to have their skills and qualifications better recognized and more effectively utilized.

The extent to which companies converge/diverge in their management of skilled migrants across national contexts has not been well documented, and it appears that most organizations’ HRM have done little as yet to adopt an international perspective to deal with this issue (Howe-Walsh & Schyns, 2010). For instance, the recent Syrian refugee crisis in Europe incited CEOs of companies like Airbus to call for more positive actions from governments and organizations towards the employment of international migrants. We now know that administrative and legal barriers, internationally, often converge on standing in the way of choice and opportunity for international migrants seeking to pursue their careers in host countries, particularly issues relating to visas, work permits, etc. (Rodriguez & Mearns, 2012). This limits migrants’ choice of prospective host countries wherein they would be able to develop their professional careers. The identification, selection, recruitment, and even the development of skilled migrants could be eased by a change in policy, a change that business lobbies are in a position to push for. Such a change might reduce the rate of underemployment and skill discounting prevalent among migrants who, on first entering a host country, often accept positions that are inappropriate to their professional and academic qualifications (Almeida, Fernando, & Sheridan, 2012). In addition, discrimination in employment is not experienced in the same way or in the same form, be it blatant or subtle, by all migrant minorities (Binggeli, Dietz, & Krings, 2013; Turchick Hakak & Al Ariss, 2013). Migrants of certain ethnic backgrounds are more vulnerable to negative discrimination in employment than others. It has been found that the chances of success for highly skilled Turkish job seekers in Germany suffered significant setbacks as a result of negative prejudices prevalent in German society about Turkish people (Baltes & Rudolph, 2010). Research indicates that such challenges facing migrants could well be mitigated by organizations themselves. Future IHRM studies might therefore usefully go on to explore how companies, across different national contexts, could proactively work to disable the obstacles in the way of migrant career paths enabling more successful migration experiences.
Almeida et al. (2012) suggest that employers have the capacity to influence the recruitment of skilled migrants through convergent HRM actions: promoting tolerance among their employees, clients, and society in general; condemning the use of stereotypes; careful design of job terms of reference; and the development of competency frameworks, individual profiles, and selection processes. The authors conclude that for organizations to gain access to the extensive knowledge and skills that belong to professional migrants, recruitment practices must be made more inclusive. These practical suggestions might give researchers some ideas on how to progress in the area of IHRM and international migration.

3.3. Diversity and IHRM

Divergence of HR practices is influenced, as per the lens of institutional theory, to different degrees by the pressures imposed by the powers that be. Laws and regulations enforced by these powers will coerce an organization to toe a particular line as far as its HR practices are concerned. In the US, for example, such pressure is found in laws such as the affirmative action law that encourages positive discrimination towards minorities or persons from other disadvantaged groups (Nkomo & Al Ariss, 2014). Similarly, in Europe, quotas are imposed to ensure the proportionate representation of women as corporate board members (see Tatli, Vassilopoulou, & Özbilgin, 2013). Examples of such pressures are obviously contextually specific. In order for convergence to occur, the legal and legislative reforms, revisions, transitions of one nation would have to bear some influence over the counterpart systems of other nations. Thus the question lies in how far a change in legislation that aims to advance female representation in employment or on corporate boards in one country can drive the same legislative change to occur in another country. Although there is little empirical information on which to base an argument on this topic, it is probable that any inter-country influence occurs at a regional rather than a global level (refer back to convergence/divergence discussion above), and therefore that cross-national convergence as a result of forceful pressure is somewhat limited.

Furthermore, in many countries modifications to existing legislation require considerable time. The length of time between legislative change and its enforcement will vary from country to country (Klarsfeld & Bender, 2009), as will the very presence and nature of coercive regulations and legislation and the extent to which they are enforced. Such inter-country differences make the spreading of HR diversity practices a significant challenge. A further complication is met in the globally inconsistent understanding of what is considered to be a “disadvantaged” group. This can incur problems as, for instance, in the MENA region the diversity spotlight is rigorously focused on advancing female representation at work, while similar needs of individuals from other groups such as ethnic and religious minorities are neglected (Tlaiss & Kauser, 2011). Generally, diversity initiatives do not/cannot subject organizations to any coercive force that would oblige them to override a host country’s particular discriminations observed along religious or ethnic lines, for example.

Another issue with diversity management is that it assumes a wide cross-cultural acceptance of this concept as a desired strategic HR practice. Boxenbaum (2006) in a case study about a group of Danish companies which wanted to apply the concept of diversity management showed how this met with resistance due to its apparent conflict with another valued concept in Danish society, that of democratic decision making. This practice was only successfully implemented after a careful “translation” process was conducted which involved strategic reframing and local grounding that was met by initial suspicion and resistance. This example is a clear indicator that what may appear to some a universally acceptable HR practice based on equity and equal opportunity, would be perceived differently in other cultures. While the Danish companies in the former example were eventually able to transfer this practice successfully, this may not be the case in all situations and geographic contexts. Indeed, the concept of diversity management is far from being a widely embraced universal HR practice. In the Middle East region, for example, the concept of diversity management as understood in the US model would not be applicable. Even in the presence of organizational actors who are convinced about the viability of such practices, the road to implement new organizational forms in some contexts would have to be carefully crafted so as not be perceived as a form of foreign imposition (Sidani & Showail, 2013).

4. The future of comparative international human resource management

Whether we have a global HRM versus region-specific model of HRM (North American model, European model, Asian model, Middle Eastern model, Nordic model, etc.) will remain an important question in the coming years. Where national systems meet and where they part, both in theory and in practice, and how this impacts organizations, should be investigated more closely. HRM work published in languages other than English in various parts of the world might give us some clues in answering this question. More research is needed in under-represented regions of the world such as the African, Asian, and Latin American contexts. Researchers whose work entails investigating work practices in non-Western contexts need to share their perspectives of HRM within their own contexts comparing/contrasting the different HRM models. These issues need to be addressed at the micro (i.e., individual and group) level with openness to the meso and macro (organizational and societal) levels of analysis with an appreciation given to the interplay across levels.

The above discussion leaves some fascinating areas that still need to be explored. The questions abound: to what extent will Western HRM systems impact non-Western regions? What is the role of institutional forces that prevail in different contexts in overriding what seemed to be, at one point in time, an irreversible trend in HRM? What do those institutional contexts imply for our understanding of the agency of organizational leaders in impacting change? What does a Western assumption of a dominant “rule of law” mean for those contexts where legal institutions, in terms of passing laws or enforcing them, are largely dysfunctional? Would it be accurate to categorically conclude that there are certain international HR trends that are converging while others are not? What are they and why? To what extent can we delve more deeply into cultural dimensions to make generalized
conclusions about trends that would converge and others that would not? What are the specific operational HR areas where we are more likely to witness a trend towards eventual convergence? What can we learn from other country contexts – developing vs developed; West vs East; North vs South? How can the sharing of best practices in different contexts advance IHRM as a field that is truly international? What is the role of MNCs in disseminating international HR practices and what are the limits of such a role? Those and similar questions clearly indicate that the divergence/convergence debate is far from being settled.

The convergence/divergence HR discourse has attracted the interest of many scholars over the years and it will continue to do so, and to evolve. The objective in this debate is not to have a winning side; each perspective has had its own group of advocates. While we acknowledge that some HR systems are converging to a certain extent in some contexts, such an occurrence hardly supports conclusively the convergence hypothesis. What we have before us are most probably cases of partial convergence. Ultimately, it would be beneficial to understand better under what contexts organizational practices would tend to converge or to diverge? What are the deciding contextual factors leading either to convergence or divergence? Developing such an understanding would be of immense benefit to international companies as they continue to grow and operate in various countries and regions beyond their home countries, cultures and contexts.

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