

© *Academy of Management Review*
1996, Vol. 21, No. 4, 959-985.

TOWARD AN INTEGRATIVE MODEL OF STRATEGIC INTERNATIONAL HUMAN RESOURCE MANAGEMENT

SULLY TAYLOR
Portland State University
SCHON BEECHLER
Columbia University
NANCY NAPIER
Boise State University

This article builds on previous work in international human resource management by drawing on concepts from the resource-based view of the firm and resource dependence to develop a theoretical model of the determinants of strategic international human resource management (SIHRM) systems in multinational corporations. The article then offers propositions concerning the relationships between a number of key determinants and the multinational corporation's overall SIHRM approach, the design of a particular affiliate's HRM system, and the HRM system for critical groups of employees within the affiliate.

As multinational corporations (MNCs) and their overseas affiliates have become increasingly important players in the global economy, interest in and research of the strategies and management practices of these firms have also grown (e.g., Hamel & Prahalad, 1985; Ohmae, 1990; Porter, 1986; Prahalad & Doz, 1987; Rosenzweig & Singh, 1991). Although researchers have explored numerous issues internal and external to the MNC, there is a growing consensus that a key differentiator between the corporate winners and losers in the 21st century will be the effectiveness of the human organization (Bartlett & Ghoshal, 1994, 1995; Pfeffer, 1994; Pucik, 1992; Tichy, Brimm, Charan, & Takeuchi, 1992; Ulrich & Lake, 1990).

In an effort to effectively leverage human resources to implement the intended strategies of organizations, researchers and practitioners alike have begun to explore the theoretical and empirical linkages between human resource management (HRM) and strategy both in the domestic (e.g., Butler, Ferris, & Napier, 1991; Fombrun, Tichy, & Devanna, 1984; Lengnick-Hall & Lengnick-Hall, 1988; Schuler & Jackson, 1987; Wright &

We are very grateful to those who commented on earlier versions of this article: Talya Bauer, Robert Eder, Mauro Guillen, Stan Slater, and Pam Tierney. We also acknowledge the insightful and constructive comments of the three anonymous reviewers.

McMahan, 1992) and international contexts (e.g., Adler & Ghadar, 1990; Kobrin, 1992; Milliman, von Glinow, & Nathan, 1991; Schuler, Dowling, & De Cieri, 1993). In this article, we draw on a number of recent models of strategic international human resource management (SIHRM), which have greatly furthered our understanding of the factors that influence the design of an MNC's SIHRM system. Work in the strategy and organizational theory fields also has generated a number of theoretical perspectives that provide valuable frameworks for understanding SIHRM. In this article, we draw on two such frameworks, the resource-based theory of the firm (e.g., Barney, 1991; Conner, 1991; Penrose, 1959; Wernerfelt, 1984) and resource dependence (e.g., Pfeffer & Salancik, 1978) and apply these frameworks to examine SIHRM at three distinct but interrelated levels of analysis: the MNC as a whole, the affiliate, and individual groups of employees within the affiliate. Resource-based theory adds to prior models of SIHRM the fundamental notion that in order to provide value to the business, the SIHRM system of global firms should be constructed around specific organizational competencies that are critical for securing competitive advantage in a global environment (Pucik, 1992). The resource dependence framework helps identify those situations in which MNCs will exercise control over the SIHRM system of their affiliates.

This article begins with a definition of terms and a brief review of the contributions of prior models of SIHRM to the field. We then describe a model of SIHRM that elaborates a system that examines both the determinants and the evolution of SIHRM systems over time. After laying out the model, we suggest a number of propositions to guide future research. Finally, we conclude with suggestions for further development, both theoretical and empirical, to expand our understanding in this important area.

DEFINITION OF TERMS

Before proceeding with an overview of current theories of SIHRM, it is important to distinguish between international human resource management (IHRM) and strategic international human resource management (SIHRM). In keeping with Schuler and colleagues' (1993) and Lado and Wilson's (1994) work, we define the MNC's *IHRM system* as the set of distinct activities, functions, and processes that are directed at attracting, developing, and maintaining an MNC's human resources. It is thus the aggregate of the various HRM systems used to manage people in the MNC, both at home and overseas. By including headquarters (HQs) in this definition, we recognize that the parent company can become simply another one of the units of the MNC (cf. Hedlund, 1986).

Strategic Human Resource Management (SHRM), in contrast, is used to explicitly link HRM with the strategic management processes of the organization and to emphasize coordination or congruence among the various human resource management practices (Schuler & Jackson, 1987; Wright & McMahan, 1992). Thus, SIHRM is used to explicitly link IHRM

with the strategy of the MNC. Following Schuler and colleagues' work, (1993: 720), we define *SIHRM* as "human resource management issues, functions, and policies and practices that result from the strategic activities of multinational enterprises and that impact the international concerns and goals of those enterprises." With these definitions in mind, we now provide a brief overview of current theories of *SIHRM*.

OVERVIEW OF CURRENT THEORIES OF *SIHRM*

In recent models of *SIHRM* (Adler & Bartholomew, 1992; Adler & Ghadar, 1990; Evans & Lorange, 1989; Kobrin, 1992; Milliman, Von Glinow, & Nathan, 1991; Schuler et al., 1993), authors adopted a strategic, macro perspective and focused on the *SIHRM* system as a way for MNCs to effectively manage and control their overseas operations. Although still in its infancy (Laurent, 1986), the recent work in *SIHRM* has been built on antecedents that are decades old (e.g., Edstrom & Galbraith, 1977; Franko, 1976; Heenan & Perlmutter, 1979; Perlmutter, 1969). Models found in the current literature have been used explicitly to tie the *SIHRM* system of the MNC to either its stage of internationalization (e.g., Adler & Ghadar, 1990; Milliman et al., 1991) or to its international strategy (e.g., Kobrin, 1992). In most of these models, researchers adopted a contingency perspective and focused primarily on the fit of the *SIHRM* system with the goals of the firm.

In this literature (e.g., Milliman et al., 1991), *fit* is defined as "the degree to which the needs, goals, objectives, and/or structure of one component are consistent with the needs, demands, goals, objectives, and/or structure of another component" (Nadler & Tushman, 1980: 40). As an example, Adler and Ghadar's (1990) model of *SIHRM* is based on the central idea that as an MNC moves through the product life cycle, it will face different pressures to respond to external and internal cultural diversity. As the authors stated, "The central issue for MNCs is not to identify the best international HRM policy per se, but rather to find the *best fit* between the firm's external environment, its overall strategy, and its HRM policy and implementation" (Adler & Ghadar, 1990: 245).

Some researchers in *SIHRM* recently addressed the need for flexibility as well as fit (e.g., Milliman et al., 1991; Schuler et al., 1993). According to Milliman and colleagues, *flexibility* is defined as "the capacity of HRM to facilitate the organization's ability to adapt effectively and in a timely manner to changing or diverse demands from either its environment or from within the firm itself" (1991: 325). These authors argued that as the firm becomes increasingly internationalized, the need for flexibility will increase, and the most flexibility will be required in the most advanced stage of internationalization.

Schuler and colleagues' (1993) model is the most recent of the *SIHRM* models, and it captures all the important factors identified by the previous writers. Rather than tying *SIHRM* directly to either product/organizational

life cycle or to the MNC's strategy, these authors build on the work of Prahalad and other strategy writers (Bartlett & Ghoshal, 1989; Prahalad, 1975; Prahalad & Doz, 1987; Prahalad & Hamel, 1990). Schuler and his colleagues postulated that the fundamental issue users of SIHRM must address is the tension between the need for interunit linkages (integration) and the challenges faced by each affiliate in order to operate effectively in its local environment (differentiation). The dual needs for integration and differentiation, originally identified by Lawrence and Lorsch (1967), are parallel to the concepts of internal and external fit (Milliman et al., 1991).

In addition to the strategic components, Schuler and colleagues (1993) specified that both exogenous and endogenous factors influence the design of the SIHRM system of the firm. The exogenous factors these authors identified include industry characteristics and country/regional characteristics, whereas the endogenous factors they described include the structure of international operations, HQs' international orientation, competitive strategy, and experience in managing international operations.

All of the models described previously have helped to advance researchers' theoretical understanding of the linkages between human resources and strategy in MNCs in a number of ways. First, they have shown how and why the stage of internationalization or international strategy of the MNC is tied to its approach to SIHRM, a linkage that has received some recent empirical support (Kobrin, 1992; Rosenzweig & Nohria, 1994). Second, they have helped to identify critical variables, in addition to strategy, that are important in determining the SIHRM of a firm, such as industry (Kobrin, 1992; Schuler et al., 1993), international experience of the MNC (Adler & Ghadar, 1990; Milliman et al., 1991; Schuler et al., 1993), organizational structure (Schuler et al., 1993), headquarters' (HQ) international orientation (Hedlund, 1986; Schuler et al., 1993), and the host country's cultural and legal environments (Adler & Ghadar, 1990; Milliman et al., 1991; Schuler et al., 1993). Third, these models have pointed to the need for the SIHRM system to address the tension between the dual imperatives of local responsiveness and global integration. Finally, as both Kobrin (1992) and Schuler and colleagues (1993) pointed out, the ability to design the SIHRM system such that it optimally balances these different forces will have performance implications for both the MNC and the individual affiliate.

The model of SIHRM presented next is both an extension of and an addition to previous work. Although incorporating many aspects of SIHRM proposed in previous models, including a contingency approach, in the present model, we also draw on resource-based theory and resource dependence. These two frameworks help to identify four critical considerations that were not developed in previous SIHRM models: using the MNC's home HRM system as a resource for building its global SIHRM system; using SIHRM differentiation among types of affiliates; using SIHRM differentiation among types of employees; and being more explicit in how

SIHRM systems evolve over time. The next section describes our model of SIHRM, which is used to address these critical issues.

THE SIHRM MODEL

How a firm's systems, among its other attributes, enable it to achieve success relative to competitors is the central idea of the resource-based theory of the firm (Barney, 1991; Penrose, 1959; Wernerfelt, 1984). To generate a competitive advantage, the resource must be valuable, rare, imperfectly mobile, and inimitable (Barney, 1991; Conner, 1991). Lado and Wilson (1994: 699) described application of this theory to HRM in the following way: "The resource-based view suggests that human resource systems can contribute to sustained competitive advantage through facilitating the development of competencies that are firm specific, produce complex social relationships, are embedded in a firm's history and culture, and generate tacit organizational knowledge." The HRM function is unique because both the outputs (the employee behaviors) of the system and the system itself are potential sources of competence. Following this logic, we define *HRM competence* as the tangible (e.g., HR planning systems, international sales training programs, selection tests) and intangible resources (e.g., shared mindset, ability to attract qualified employees to work for the firm, affiliate managers' experience in negotiating with the local government) that allow a firm to outperform its competitors.

We can distinguish between resources, including HRM competence, at three levels within the MNC. First, there are the parent company's resources that originate from a particular configuration of economic, cultural, human, and other resources in a given country (Porter, 1990); these resources are not differentiated between firms domestically, but they can give MNCs an advantage when competing outside their home countries. For example, because of governmental tax incentives, German firms have highly developed employee training and development programs (Pfeffer, 1994) that result in skilled employees who can give the firm an edge over competitors from other countries.

The second source of potential competitive advantage for MNCs is at the parent company level and represents the unique bundle of assets and capabilities that the MNC has developed over its lifetime. Firms are idiosyncratic because throughout their unique histories they accumulate different tangible and intangible assets (Nelson & Winter, 1982). As an example, 3M's excellence in managing innovators represents a bundle of assets and capabilities at the parent company level. The combination of these two levels of resources (national and firm) is parallel to Bartlett and Ghoshal's (1989) notion of *administrative heritage*.

Finally, in addition to national- and firm-level resources, resources at the affiliate level may provide a source of competitive advantage for the MNC at the local, regional, or global levels. For example, a Japanese firm's Singapore affiliate may develop efficient HRM selection policies to

deal with the high labor market mobility there. If the policies are not useful for other affiliates (e.g., those in the United States or for the parent company), then this resource is useful only at the one affiliate. However, if the MNC can successfully transfer these policies to other environments that have high mobility in their labor markets, they may develop into parent company-level resources.

The origin of the resource—national, firm, or affiliate—is likely to affect its usefulness in other locations (see also Laurent, 1986; Schneider, 1988; Schuler et al., 1993). The usefulness of a particular element of an HRM competence, like any other resource, may be confined to its place of origin (it is context specific) or it may be effective across countries (it is context generalizable). For example, a U.S. MNC with a matrix structure that produces high-quality decisions may not be able to use this resource in its affiliate in France, because the French prefer a clear and fairly stringent hierarchical decision-making system (cf. Hofstede, 1980; Laurent, 1983). Thus, resources, including HRM competence, can be context specific or context generalizable, depending on their usefulness outside the location in which they were developed. This distinction is important in the choice of SIHRM orientation, as we will describe next.

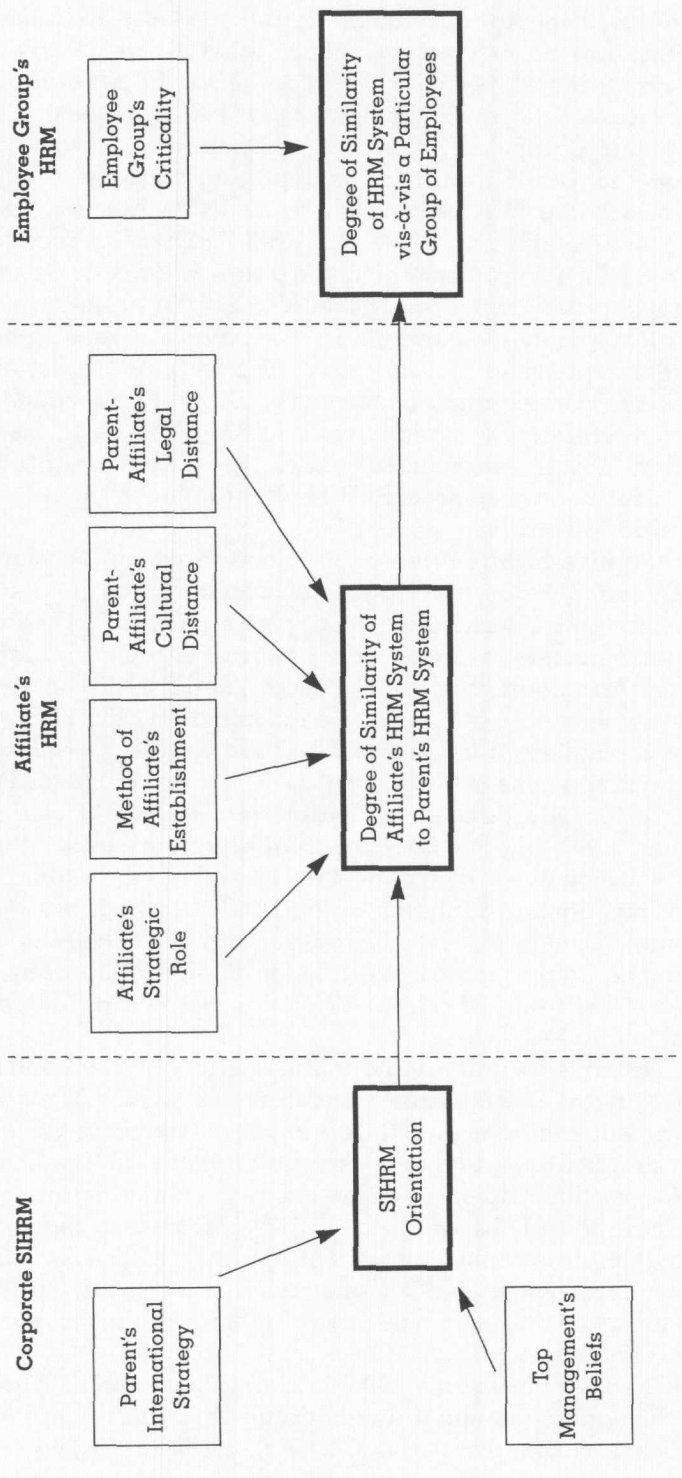
The Parent Company's SIHRM System

Our model is used explicitly to examine the SIHRM system at three levels: the parent company, the affiliate, and specific employee groups within the affiliate (see Figure 1). The resource-based theory of the firm enables us to view the determinants of the SIHRM system at each of these levels and the evolutionary process of change over time from a new perspective. We begin at the organization level by asking: What determines the SIHRM system of an MNC? In answering this question, we present the first part of our model, which is focused on the parent company, and we discuss the determinants of the SIHRM system at that level.

Prior work on SIHRM (e.g., Rosenzweig & Nohria, 1994; Schuler et al., 1993; Yuen & Kee, 1993) suggests that there are two key aspects of the SIHRM system at the parent company level: the parent company's SIHRM orientation and the parent company's SIHRM functional focus. Because the SIHRM functional focus is a minor component of the model we present, it will be discussed only briefly before we examine the SIHRM orientation.

An MNC's *SIHRM functional focus* is defined as those functional aspects (e.g., selection techniques, compensation schemes) of the parent company's home HRM system that the firm transfers to its affiliates or focuses attention on developing within them. SIHRM functional focus is most strongly influenced by the parent company's home HRM system. The parent firm will have developed its greatest resources in the HRM areas that top management believes are critical to the successful completion of organizational tasks, and hence these HRM functions will be the focus of their transfer to affiliates. We do not develop propositions concerning these relationships because, although the links can be surmised from

FIGURE 1
Model of Strategic International Human Resource Management (SIHRM)



resource-based theory and should be acknowledged (James, Mulaik, & Brett, 1982), they are beyond the scope of this article.

We define the MNC's *SIHRM orientation* as the general philosophy or approach taken by top management of the MNC in the design of its overall IHRM system, particularly the HRM systems to be used in its overseas affiliates. This SIHRM approach is important because it determines the way in which the MNC will manage its IHRM function, including, for example, whether it will have an IHRM director at headquarters and whether it will set up mechanisms to share HRM policies and practices with and between affiliates. The MNC's SIHRM orientation determines its overall approach to managing the tension between integration and the resultant pressure for internal consistency and differentiation and the pressure for external consistency. Drawing on ideas from prior work in international management and SIHRM (e.g., Hedlund, 1986; Perlmutter, 1969; Rosenzweig & Nohria, 1994; Rosenzweig & Singh, 1991), we can identify three generic SIHRM orientations in MNCs: adaptive, exportive, and integrative.

An adaptive SIHRM orientation is one in which top management of the MNC attempts to create HRM systems for affiliates that reflect the local environment (low internal consistency with the rest of the firm and high external consistency with the local environment). In an adaptive SIHRM orientation, differentiation is emphasized, and the MNC generally copies the HRM systems that are being used locally by hiring competent human resource specialists or managers who have knowledge of local practices. This approach is consistent with a polycentric approach to MNC management as originally defined by Perlmutter (Heenan & Perlmutter, 1979; Perlmutter, 1969), but it is broader than this term's current usage in the literature, which now refers almost exclusively to the staffing of top management positions of affiliates (Adler, 1991; Dowling, Schuler, & Welch, 1994; Tung, 1988). In MNCs utilizing an adaptive SIHRM orientation, we would expect to find almost no transfer of HRM philosophy, policies, or practices either from the parent firm to its overseas affiliates or between overseas affiliates.

An exportive SIHRM orientation is one in which top management of the MNC prefers a wholesale transfer of the parent firm's HRM system to its overseas affiliates (high internal consistency and low external consistency), replicating in its overseas affiliates the HRM policies and practices used by the MNC in its home country. This orientation emphasizes high integration of the affiliate's HRM system with that of the parent company, and it is consistent with previous literature describing an ethnocentric approach to MNC management (Heenan & Perlmutter, 1979; Perlmutter, 1969); again, it includes all HRM functions, not just the staffing of top management.

MNCs with an integrative SIHRM orientation attempt to take "the best" approaches and use them throughout the organization in the creation of a worldwide system (Bartlett & Ghoshal, 1989). According to this SIHRM

orientation, the focus is on substantial global integration with an allowance for some local differentiation. This approach is consistent with, but broader than, what previous authors have described as a geocentric approach to MNC management (Heenan & Perlmutter, 1979; Perlmutter, 1969). The integrative SIHRM orientation combines both characteristics of the parent company's HRM system with those of its overseas affiliates (high internal consistency and moderate external consistency). Thus, transfer of HRM policies and practices occurs, but it is just as likely to occur between overseas affiliates as between the parent company and its affiliates. In addition, the transfers can go in any direction; affiliate practices can be transferred to the parent company and vice versa.

As these descriptions imply, the SIHRM orientation of an MNC reflects different roles for the HQs and affiliates in the SIHRM design. Although an adaptive SIHRM orientation allows for design decisions of the affiliate's HRM system at the affiliate level, an exportive SIHRM orientation places almost all control in the hands of the parent company. An integrative SIHRM orientation, which allows for an affiliate's input and adaptation, represents shared decision-making responsibility between the parent company and the affiliate for the design of the SIHRM system.

What determines the choice of SIHRM orientation? According to prior models (Kobrin, 1992; Schuler et al., 1993), the choice of SIHRM orientation is affected by the firm's international strategy. In addition, proponents of resource-based theory and other researchers (e.g., Beechler & Taylor, 1994; Taylor & Beechler, 1993) suggest that the top management of an MNC must believe that it has an HRM competence that is context generalizable in order for it to be transferred outside of the parent company. These relationships are described next and illustrated in Figure 1.

The role of strategy. Consistent with the resource-based theory of the firm, an MNC can be viewed as a network of resource transactions among organizational subunits located in different countries (Gupta & Govindarajan, 1991). In large part, an MNC's strategy will determine how these resource transactions are structured among the various subunits. Following Porter's work (1986), we identify two generic MNC strategies: multidomestic and global. Within this article, we assume that a firm has correctly identified the nature of its industry—global or multidomestic—and has chosen an international strategy appropriate to this industry.

A multidomestic strategy is one in which the MNC manages its overseas affiliates as independent businesses, where the activities of one overseas affiliate do not affect the activities of another affiliate. MNCs generally follow a multidomestic strategy when the local market demands a high degree of adaptation of the firm's products and processes. In this case, there is little interdependence between the procurement, manufacturing, or marketing activities across the MNC, and the ties between the organizational subunits tend to be primarily financial (Porter, 1986).

Consequently, resources developed or acquired in one part of the MNC are generally not useful in creating competitive advantage in other locations.

MNCs following a global strategy, in contrast, use the resources developed or acquired in one part of the firm to create competitive advantage in other parts of the firm (Ohmae, 1990). In MNCs following a global strategy, overseas affiliates are managed as interdependent businesses. A global strategy requires a high level of integration, which, in turn, demands high levels of coordination and control of activities across the MNC's overseas affiliates (Gupta & Govindarajan, 1991; Rosenzweig & Singh, 1991; Roth, Schweiger, & Morrison, 1991). Thus, a critical difference between a multidomestic and global strategy is the level of interdependence or resource exchange among the organizational subunits (Collis, 1991; Gupta & Govindarajan, 1991; Porter, 1986). In addition, a multidomestic strategy places demands that are different from those of a global strategy on the human resources needed to implement the strategy and on the capacity of the HRM system to help integrate the activities of the firm (Kobrin, 1992).

As described previously, MNCs that follow a multidomestic strategy localize their operations and are relatively independent. Because an adaptive SIHRM orientation is focused on local adaptation, we predict the following:

Proposition 1: MNCs following a multidomestic strategy will adopt an adaptive SIHRM orientation rather than an exportive or integrative SIHRM orientation.

In firms that pursue a global strategy, the higher levels of integration required between affiliate and parent company operations lead to the need for higher levels of control, which, in turn, drives demands for internal consistency. However, as Bartlett and Ghoshal (1989) noted, increasingly, firms competing in global industries must be simultaneously globally integrated and locally responsive. Thus, in spite of the drive toward internal consistency, differences in local environments create the need for differentiation (Lawrence & Lorsch, 1967). This need to simultaneously integrate and differentiate leads us to the following proposition:

Proposition 2: MNCs following a global strategy will adopt an integrative SIHRM orientation rather than an adaptive or exportive SIHRM orientation.

Even though we believe that this proposition is true generally, we acknowledge that when firms first adopt a global strategy, some will not simultaneously adopt an integrative SIHRM orientation at the onset, opting instead for an exportive SIHRM orientation. For firms that are changing from a multidomestic to global strategy, the demands for internal consistency will generally outweigh the demands for local responsiveness. In addition, the high level of uncertainty experienced by newly globalizing firms may lead them to utilize known systems at the outset (Rosenzweig & Singh, 1991). For example, when Procter & Gamble entered into the interna-

tional arena in the postwar era, its management exported their marketing strategies wholesale to their overseas operations. Only when this strategy failed did they move toward an approach that was more balanced between integration and local responsiveness (Bartlett & Ghoshal, 1989).

The role of HRM competence and top management's beliefs. Researchers in IHRM (Beechler & Yang, 1994; Schuler et al., 1993) and in international strategy (Collis, 1991; Roth, 1995) suggest that top management plays a key role in determining the identification of resources and competences. By top management we mean the key corporate decision makers whose views determine the overall international strategy of the firm and its general approach to implementing that strategy. In some firms this could be the president or CEO alone, whereas in other firms it may be all of the senior-level managers, including the director of IHRM. Here we focus on top management's beliefs concerning the existence and context generalizability of its HRM competence as the other major determining factor that influences which SIHRM orientation the MNC will adopt. In stating the following propositions, we assume that (a) the parent company possesses an HRM competence and (b) top management has accurately perceived this to be a competence.

Top management's perception of HRM competence can be defined as the belief, expressed in corporate as well as personal communications, that the firm's way of managing its employees gives the company an advantage over its competitors. In addition to perceived HRM competence, top management may or may not believe that this competence is useful beyond its national borders. When top management does not perceive its HRM competence to be a resource that can be used in other contexts outside the home country of the firm, then there will be no incentive to transfer its HRM system across borders. Thus, the MNC will adopt a SIHRM orientation that utilizes the HRM practices in use in each affiliate's location, regardless of the international strategy of the firm. These predictions are supported by preliminary empirical results from a study of approximately 200 Japanese and American affiliates in Southeast Asia (Beechler, Najjar, Ghosh, Dirdjosuparto, & Sieh, 1996), which found that perceived HRM competence is a key determinant of the level of similarity between the parent company's and affiliate's HRM system.

Proposition 3: If top management perceives that the MNC's HRM competence is context specific, the MNC will adopt an adaptive SIHRM orientation rather than an exportive or integrative SIHRM orientation.

When top management perceives the firm's HRM competence will be useful beyond its national borders, it will choose an SIHRM approach that leads to a sharing of HRM policies and practices—either an exportive or an integrative orientation. This perception does not necessarily have to be the result of the MNC's international experience; rather, it can come from the personal experiences and beliefs of top management or from

their observation of the experiences of other MNCs. Because integrating operations through a sharing of practices is not important to firms following a multidomestic strategy, an MNC will adopt one of these two approaches only if it is following a global strategy.

Proposition 4: If top management perceives that the MNC's HRM competence is context generalizable, and if the firm is following a global strategy, the MNC will adopt either an exportive or integrative SIHRM orientation rather than an adaptive SIHRM orientation.

Evolution of the parent firm's SIHRM orientation. Once a firm has chosen an SIHRM orientation, it will not necessarily retain that orientation over its lifespan. First, the beliefs of top management concerning the context generalizability of its HRM competence change according to the MNC's overseas experience or top management turnover. Second, the firm may change its international strategy and, consequently, its SIHRM orientation, in order to respond to changes in industry technology or competitors' actions (see Figure 2).

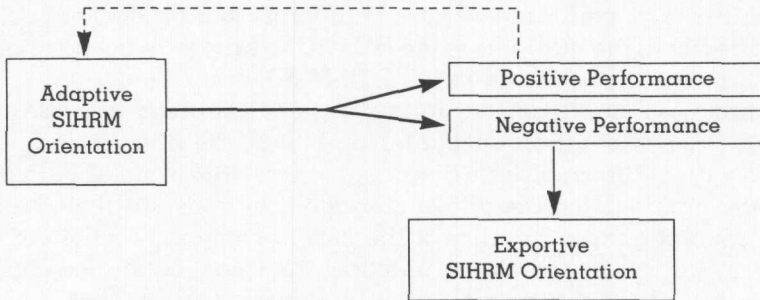
Top management's beliefs regarding the context generalizability of the MNC's HRM competence can be changed by its experience (either positive or negative) with its SIHRM orientation (Lant, Milliken, & Batra, 1992). Feedback will increase the chances that top management will have an accurate assessment of both the organizational resources that are valuable outside of the MNC's home country and the limits to their transferability. Success will confirm the MNC's approach to SIHRM. Failure, in the form of greater HRM problems in the affiliate than those experienced by competitors (e.g., higher turnover, higher wages, lower productivity), will facilitate the learning process as management is confronted with disconfirming information. Failure can force top management to examine two aspects of its SIHRM orientation.

First, is top management's belief about the context generalizability of its HRM competence accurate? If top management finds through performance problems in its overseas affiliates that its HRM competence is in fact context specific, it will abandon an exportive or an integrative approach. Alternatively, top managers who originally believed that the firm's HRM competence was context specific may find over time that it is actually context generalizable. In addition, the actions of competitors, particularly successful ones, may indicate to a firm following an adaptive SIHRM orientation that its approach is not as effective as the approaches of its competitors. Thus, a competitor may force top management to reexamine its belief about the context specificity of its HRM competence and to try an SIHRM orientation (e.g., exportive) it had previously rejected.

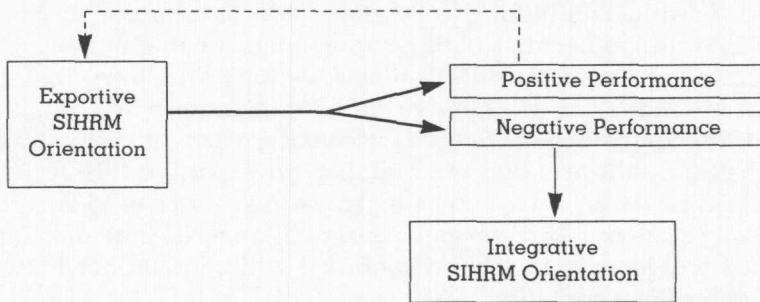
The appropriateness of the firm's SIHRM orientation to its international strategy may also come under review as the firm's experience overseas increases (see Figure 2). For example, a competitor's success abroad with a different SIHRM orientation may lead top managers to examine

FIGURE 2
Evolution of Strategic International Human Resource Management (SIHRM) Orientation

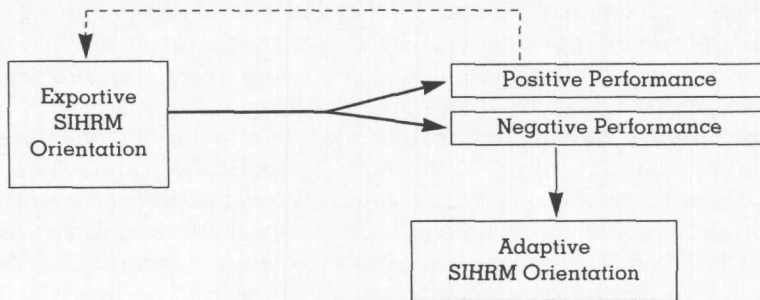
1a. For MNCs following a global strategy in which top management initially believes that the firm's HRM competence is context specific



1b. For MNCs following a global strategy in which top management initially believes that the firm's HRM competence is context generalizable



2. For MNCs following a multidomestic strategy in which top management initially believes that the firm's HRM competence is context generalizable



the appropriateness of their SIHRM orientation to its international strategy. MNCs following a global strategy that initially chose an adaptive SIHRM orientation because top management believed that the MNC's HRM competence is context specific may, over time, find that the performance of their overseas affiliates is below that of competitors and, consequently, move toward an exportive SIHRM orientation. The reason they will move toward an exportive rather than an integrative SIHRM orientation after failure is that the mechanisms to identify and transfer the best HRM practices in their overseas affiliates are not in place. Such mechanisms as having regional or global meetings of affiliate HR directors, transferring HRM materials (e.g., performance appraisal forms to affiliates) or posting of the HR director of the affiliates to the HQs of the firm were not developed when the firm was using an adaptive SIHRM orientation.

In contrast, when MNCs that follow a global strategy and have an exportive SIHRM orientation encounter problems, the need to maintain integration will inhibit wholesale abandonment of HRM transfer. Although performance problems can lead top managers to question their beliefs about the context generalizability of the parent company's HRM competence and to initiate a search for practices that can be shared among affiliates versus those that need local adaptation, some mechanisms for sharing the HRM competence will exist. As a consequence, these firms will be able to move more easily toward an integrative SIHRM orientation than MNCs that originally followed an adaptive SIHRM orientation.

MNCs following a multidomestic strategy that have chosen an exportive SIHRM orientation because of top management's belief in the context generalizability of the firm's HRM competence may find, over time, that this SIHRM orientation is not appropriate. Top managers may find that the firm's HRM competence is actually context specific, or they may find that the cost of instituting and maintaining an exportive SIHRM is not warranted, given the low need for integrative mechanisms to sustain a multidomestic strategy. As a consequence, such an MNC that encounters performance problems in its affiliates abroad will usually move toward an adaptive SIHRM orientation over time.

As this discussion has shown, one of the main components of the corporate-level SIHRM system is the firm's SIHRM orientation, which is influenced by the international strategy of the firm as well as top management's belief in the context generalizability of its HRM competence. However, this belief can change over time because of experience, and the time required for a change is dependent on such factors as managerial inertia (Snell & Deal, 1994) and competitive pressures.

National origin. Before ending this section, we briefly discuss the relationship of national origin of the MNC to its SIHRM orientation, although no formal propositions will be offered because this characteristic does not directly influence the outcome variables in our model. Top management of MNCs from the same country may share assumptions about the contest generalizability of HRM competence, because cultural beliefs

that are prominent in a country influence the values, beliefs, and hence decisions of top management (Abo, 1994; Florida & Kenney, 1991; Lincoln & Kallenberg, 1990; Rosenzweig & Nohria, 1994; Rosenzweig & Singh, 1991). As a consequence, the SIHRM orientations of MNCs based in the same country are likely to be more similar to each other than to the SIHRM orientations of MNCs based in other countries.

Moreover, firms from countries in which there are strong institutional pressures will be even more likely to adopt similar SIHRM orientations (Lincoln, Hanada, & McBride, 1986). For example, there is evidence that Japanese firms, which face home environments with strong homogeneous institutional pressures, often adopt similar SIHRM orientations when operating overseas (in this case, an exportive SIHRM orientation) (Putti & Chong, 1985; Sing, 1991; Thong, 1991; Yeh, 1991). Therefore, we would expect that MNCs from home environments in which there are strong homogeneous institutional pressures will exhibit a greater similarity in SIHRM orientation with other MNCs from this country than will MNCs from home environments in which there are either weak or heterogeneous institutional pressures. However, national origin does not help us predict which of the three SIHRM orientations MNCs from a given country will adopt.

The Affiliate's HRM System

As shown in Figure 1, the model depicts relationships between the corporate-level SIHRM orientation and the affiliate's HRM system. The two main components of the affiliate's HRM system are (a) the degree to which the HRM system is similar to that of the parent company and (b) the HRM functions that are similar to those of the parent company (focus of similarity). Because focus of similarity, like SIHRM functional focus, is not central to our model, it is not included in Figure 1 and will not be discussed further.

Degree of similarity of affiliate's HRM system. As mentioned previously, the MNC's SIHRM orientation is a key determinant of the level of transfer of the MNC's HRM system to its affiliates. One outcome of this transfer is consistency of systems (Rosenzweig & Nohria, 1994; Rosenzweig & Singh, 1991; Westney, 1990), which facilitates a high level of integration and control. For example, in a firm with an exportive SIHRM orientation, there is a high degree of control by the parent company over an affiliate's HRM system through the high level of transfer of HRM policies and practices. At the other end of the continuum, an MNC with an adaptive SIHRM orientation has the lowest level of control over an affiliate's HRM system because there is no transfer of HRM policies or practices. An integrative SIHRM orientation indicates moderate control by the parent company over the affiliate's HRM system. Users of this orientation utilize policies and practices found throughout the MNC system, including HQs, but they focus on the best practices, some of which may be local. Based on the above discussion, we offer the following proposition, using similarity of HRM as an indicator of control by the parent company:

Proposition 5: The highest degree of similarity between the parent company's HRM system and the affiliate's HRM system will be found in MNCs following an exportive SIHRM orientation. A moderate degree of similarity will be found in MNCs following an integrative SIHRM orientation. The lowest degree of similarity will be found in MNCs following an adaptive SIHRM orientation.

Recent work in the international strategy literature (e.g., Bartlett & Ghoshal, 1989; Gupta & Govindarajan, 1991; Rosenzweig & Singh, 1991; Roth & Nigh, 1992; Westney, 1990) suggests that the SIHRM orientation will not be applied uniformly to all affiliates, leading us to one of four variables that influence degree of similarity of affiliate's HRM: the affiliate's strategic role. The logic linking the importance of the affiliate's strategic role in determining the degree of similarity (and hence control) is based on concepts from resource dependence. This logic has been supported by empirical research in SIHRM showing that the greater the dependence of the affiliate on the parent company, the more the affiliate's HRM system is controlled by HQs (Martinez & Ricks, 1989).

The resource-dependence approach (Aldrich, 1976, 1979; Pfeffer & Salancik, 1978) is based on the premise that an organization is unable to generate all the resources necessary to maintain itself, and therefore it is dependent on other actors. Organizational stakeholders will attempt to initiate control over the actors with whom they have exchanges, in order to ensure that the resources necessary to achieve organizational objectives are obtained in an effective and efficient manner (Anthony, 1965; Green & Welsh, 1988). There are three key factors that determine the dependence of one actor on another. First is the importance or *criticality* of the resource to the continued operation and survival of the operation (Blau, 1964; Thompson, 1967). Second is the extent to which an interest group (or individual) has discretion over the resource's allocation and use (Pfeffer & Salancik, 1978). Third is the extent to which there are alternatives to the resource (Blau, 1964; Pfeffer & Salancik, 1978; Thompson, 1967). Because the parent company relies on its foreign affiliates for certain essential resources, the parent company is dependent, to varying degrees, upon its affiliates and affiliate employees (Ghoshal & Nohria, 1989). As the parent company's dependence on the resources controlled by an overseas affiliate grows, the more control the parent company will want to exercise over the affiliate (Ghoshal & Nohria, 1989).

The degree of dependence of the MNC on a particular affiliate, and hence the degree of control it will exert over the affiliate's HRM system, is determined in large part by the affiliate's strategic role. The strategic role of an affiliate can be defined by the amount and direction of the resource flows between the parent company and the overseas affiliate (Gupta & Govindarajan, 1991). Gupta and Govindarajan's framework, which is based on resource-dependence assumptions, specifies four kinds

of affiliate roles, based on knowledge flows: (a) *global innovator*, with high outflow of resources to the parent company and low inflow of resources to the affiliate; (b) *integrated player*, with high outflow and high inflow; (c) *implementor*, with low outflow and high inflow; and (d) *local innovator*, with low outflow and low inflow. Gupta and Govindarajan focused on two dimensions of resource flows: volume and direction. They made the unstated assumption that these dimensions are determinants of the criticality of the resource, but they did not explicitly address the importance of criticality or substitutability of a resource to an MNC's control over the affiliate.

As the resource flows between the affiliate and the parent company increase, the resource dependence and, hence, the need for control will increase (Pfeffer & Salancik, 1978). The resource dependence of the parent company on its affiliates is highest for those affiliates with the greatest outflows of resources to the rest of the organization: global innovators and integrated players. At the same time, however, greater reliance by the parent company on the affiliate will increase the power of the affiliate over the parent company (Gupta & Govindarajan, 1991).

With regard to the global innovator, because there is a low inflow of resources, the affiliate is not highly dependent on the parent company for resources, whereas the parent company is highly dependent on the affiliate. Hence, the parent company will attempt to exercise high levels of control over their global innovators, but these affiliates will simultaneously have the power to resist these control efforts. In the case of integrated players, a high inflow and outflow of resources creates reciprocal interdependence between the parent company and the affiliate. Consequently, the parent company will attempt to exert high levels of control over these affiliates, and they will have less power than global innovators to resist this control. The parent company will not attempt to exert high levels of control over either implementors or local innovators, because the parent company's resource dependence on these affiliates is low. At the same time, we would expect to find higher control of the parent company over implementors than over the local innovators, because implementors are characterized by a high inflow of resources, but local innovators have low levels of both resource inflows and outflows.

Again, using similarity of HRM systems as an indicator of the control of the parent company over the affiliate, we offer the following propositions:

Proposition 6: There will be the highest degree of similarity between the parent company's HRM system and the affiliate's HRM system in affiliates that are integrated players.

Proposition 7: There will be the lowest degree of similarity between the parent company's HRM system and the affiliate's HRM system in affiliates that are local innovators.

Proposition 8: There will be a moderate degree of similarity between the parent company's HRM system and the affiliate's HRM system in affiliates that are global innovators and implementors, although there will be more similarity for global innovators than for implementors.

In addition to the strategic role of the affiliate, the degree of similarity between the parent company's and affiliate's HRM systems also will be influenced by three other factors that constrain the exercise of the control of the parent company: method of affiliate establishment (Rosenzweig & Nohria, 1994) and the cultural and legal distances of the affiliate from the parent company (Milliman et al., 1991; Rosenzweig & Nohria, 1994; Rosenzweig & Singh, 1991; Schuler et al., 1993).

Researchers have found that the type of investment used to establish the affiliate will affect the degree of similarity between the parent company's and the affiliate's HRM systems (Rosenzweig & Nohria, 1994), a relationship suggested by previous theory (Schuler et al., 1993). An affiliate that is established as a greenfield (brand new) operation is likely to have a higher level of HRM similarity with its parent company for several reasons. First, expatriates who establish the affiliate are likely to utilize HRM policies and practices that they know, leading to organizational imprinting (Bartlett & Ghoshal, 1989; Stinchcombe, 1968). Second, a greenfield operation does not have to contend with employee resistance to changes in the systems already in place, making it easier to institute the parent company's HRM policies and practices. In contrast, an MNC that establishes an overseas affiliate in partnership with a local firm, or one that buys a preexisting firm, will experience greater institutional pressures to utilize local HRM practices, because the local operation, prior to the arrival of the MNC, had functioned under a local HRM system.

Proposition 9: The degree of similarity between a parent company's HRM system and an affiliate's HRM system will be greater in affiliates established as greenfield operations than in those acquired or established as shared partnerships.

The final influence on the affiliate's HRM system is the host country's environment (Rosenzweig & Nohria, 1994; Schuler et al., 1993). This includes the legal environment, particularly with regard to labor issues, as well as the cultural environment in which the affiliate must operate. These two variables both influence the degree to which the MNC is able to transfer its parent company's HRM system overseas to achieve internal consistency.

Culture has a strong influence on the viability of using management systems in one country that were developed in another country (Hofstede, 1993). All other things being equal, the more similar the host country's culture is to that of the home country, the easier it is for an MNC to achieve internally consistent HRM practices, because greater similarity of cultural values and norms reduces the barriers to utilizing HRM policies and prac-

tices developed at HQs. Although cultural similarity or dissimilarity will probably not greatly affect an MNC that has an adaptive SIHRM orientation because the HRM system is adapted from local practices, in general, the more dissimilar the cultural environment of an affiliate to the cultural environment of the home country of the parent company, the more difficult it will be for the MNC to transfer its HRM system abroad. Thus, we predict the following:

Proposition 10: The greater the cultural distance between the host country of the affiliate and the home country of the MNC, the less similarity between the parent company's HRM system and the affiliate's HRM system.

The legal environment surrounding the affiliate also can constrain the transfer of HRM practices abroad (Rosenzweig & Nohria, 1994). For example, the legal structure in China restricts managers with regard to such essential HRM functions as hiring and firing (Von Glinow & Teagarden, 1988). Consequently, we can expect that greater similarity of legal environments will allow the MNC to achieve greater similarity between the affiliate's HRM system and the parent company's HRM system, whereas dissimilarity of legal environments will have the opposite effect.

Proposition 11: The greater the legal distance between the host country of the affiliate and the home country of the MNC, the lower the degree of similarity between the MNC parent company's HRM system and the affiliate's HRM system.

Evolution of the affiliate's HRM system. Similar to the parent company's SIHRM orientation, the affiliate's HRM system does not remain static. In addition to the effects of experience, there can be a change in either the degree of control desired by the parent company over the affiliate because of a change in its strategic role, or there can be a change in focus brought about by a change in the parent company's own HRM system.

As an affiliate's strategic role changes within an MNC, the MNC may need to exert more or less control over the affiliate's HRM system. In addition, if the roles of a significant number of affiliates change, then the SIHRM orientation of the firm may need to change. For example, an MNC with an adaptive SIHRM orientation and primarily local innovator affiliates may find that over time it must integrate them more tightly into the MNC, as Ford is now doing under its new chairman Alex Trotman (*Business Week*, 1994). Environmental change may make a once successful adaptive SIHRM orientation inappropriate, reducing the overall performance of the MNC if it is not changed.

Affiliate Employee Group's HRM System

The final part of our model of SIHRM focuses on the HRM system that is applied to particular groups of employees within an affiliate. We again

use the resource-dependence perspective to analyze the forces that shape how any one group of employees is managed. Just as MNCs are more or less dependent on a particular affiliate, at the individual level, particular employees may have specialized skills and knowledge that are more or less important to the functioning of the affiliate and to the MNC as a whole (Edstrom & Lorange, 1984). To the extent that employees have discretionary power over their resources and to the extent that this knowledge is company specific and situation specific, the MNC is dependent on these employees and will want to exercise control over them (Pfeffer & Salancik, 1978). For the MNC, the SIHRM system represents an important control mechanism by which it can ensure that overseas employees will act in the best interests of the firm, because staffing, appraisal, compensation, and development can be used to direct and control individual behavior.

A basic assumption of ours is that, just as in the case of affiliates, not all employee groups are created equal. Some groups will be more critical to the implementation of an affiliate's strategic role and to the MNC's competitiveness. For example, scientists in an overseas R&D laboratory have arguably more potential impact on the overall competitiveness of the MNC than the administrative staff in the same affiliate. Thus, even though the overall level of control over the affiliate's HRM system will be determined primarily by the MNC's SIHRM orientation, not all employees in the affiliate will experience the same level of control. Consequently, similarity between the parent company's system and the affiliate's HRM system will be highest for employees of the affiliate who are crucial to the implementation of the affiliate's strategic role.

This differentiation in HRM systems among types of employees has been recognized by Rosenzweig and Nohria (1994) and Evans and Lorange (1989). Although in most models there is a distinction between white-collar and blue-collar employees, the main emphasis is on white-collar employees; however, in our present model, we explicitly recognize that nonmanagerial employees may be more critical than executives to the implementation of the affiliate's role. For example, many Japanese firms consider shop-floor workers to be crucial to the affiliate's performance, and they export HRM policies from the parent company to govern these groups of employees while simultaneously allowing HRM policies for foreign managers to be largely localized (e.g., Fucini & Fucini, 1990). This notion leads us to the following proposition:

Proposition 12: The highest degree of similarity between a parent company's HRM system and an affiliate's HRM system will be vis-à-vis the groups of employees who are most critical to the MNC's performance.

Evolution of the HRM system vis-à-vis a group of employees. Similar to the SIHRM orientation of the firm and the HRM system of the affiliate, the HRM system used vis-à-vis a particular group of employees will not necessarily remain static. Over time, a particular group of employees

may acquire greater importance to achieving the goals of the MNC. For example, although design engineers in the U.S. affiliates of Japanese car makers were initially only utilized for modifications to products for the local market, the increasing importance of non-Japanese markets led some Japanese car makers to rely more on these design engineers for original design work, which is reflected in products for both U.S. and non-U.S. markets.

CONCLUSIONS AND IMPLICATIONS

This article builds upon recent work in international human resource management (e.g., Adler & Ghadar, 1990; Milliman et al., 1991; Schuler et al., 1993) by integrating concepts from the resource-based view of the firm (e.g., Barney, 1991; Conner, 1991; Wernerfelt, 1984) and resource dependence (e.g., Pfeffer & Salancik, 1978) to develop a theoretical model of the determinants of SIHRM systems in MNCs. Even though there is still much theoretical and empirical work to be done in this critical area of international competitiveness, this model represents an important step forward in thinking about the determinants of SIHRM systems in multinational firms.

There are a number of important contributions of this model. First, through it we acknowledge the critical role that the HRM competence of the parent firm, as perceived by top management, plays in the transfer of HRM policies to affiliates in other countries. HRM competence, like any context-generalizable resource the firm possesses, has the potential to give the MNC a competitive advantage in the global marketplace. Identification of perceived HRM competence as a critical factor in global integration shifts research attention to elements within the firm that can influence the design of the SIHRM system and opens up an important avenue for further research.

A second contribution is that through this model we recognize that the role of top management is pivotal in SIHRM design. Top management is crucial in determining both whether the MNC possesses an HRM competence and whether this competence is useful outside of its home country. An area for further development that could not be fully explored in this article is an analysis of the factors that influence the ability of top management to perceive an MNC's HRM competence and those factors that lead management to decide whether the firm's HRM competence is context specific or context generalizable and, hence, transferable. For example, the international experience of the top management team at HQs or the MNC's capacity to learn from the success and failures of its competitors in transferring HRM to a host country may be critical determinants of the transfer of an HRM system and the integrative capabilities within the MNC.

The third contribution of this model, based on the resource-dependence framework, is that through it we distinguish between both affiliates and groups of employees within those affiliates based on how

critical they are to the successful implementation of the MNC's strategy. Because resources are rare and valuable (e.g., Barney, 1991), a key strategic design decision revolves around determining who will receive the limited resources within the firm and who will be involved in making those resource allocation decisions. Although many researchers (and HRM managers) have focused their primary attention on expatriates or white-collar workers because of their often implicit assumption that these employees were most important to the MNC's success, this assumption may not reflect the realities of today's global business.

In addition to its contributions to the SIHRM field, the model described in this article also has implications for the more general field of international management. For example, regarding application of the resource-based view of the firm to international strategy formulation and implementation, one important issue raised in this article is that of level of analysis. As we indicated in our model, because the MNC is a complex organizational network consisting of many subunits, resources can exist at multiple levels within the firm and may or may not be useful outside a given level or context. This argument implies that in extensions of resource-based theory to MNCs, researchers and practitioners should be careful to distinguish between resources at these different levels. In addition, the determinants of the context generalizability of a resource and the ways in which managers can judge whether a particular resource is useful beyond the context in which it was created are important areas for further study. These distinctions are useful not only regarding the relationships between parent companies and their affiliates, but also regarding other organizational forms, such as international joint ventures, cooperative agreements, and so on. Finally, in the model presented in this article, we emphasize the dynamic nature of the SIHRM system of MNCs. This focus provides a link between traditional models of international management and recent work on the learning organization (Cohen & Levinthal, 1990; Levitt & March, 1988; Pucik, 1988).

In conclusion, although the human organization has been cited by writers in all fields of international business as a key differentiator between the corporate winners and losers in the next century, the field of international strategic human resource management is in its early stages of development. The model and propositions developed in this article represent an important step in providing theoretical and empirical research guidelines that may offer researchers a better understanding of the determinants of SIHRM. They also offer practitioners, both those in top management as well as those in HRM, a way to conceptualize their SIHRM system from a perspective that emphasizes the unique configuration of resources their firm possesses; the model and proportions can help to explain how those resources can be mobilized to meet the unique challenges international management offers.

REFERENCES

- Abo, T. 1994. *Hybrid factory: The Japanese production system in the United States*. New York: Oxford University Press.

- Adler, N. 1991. *International dimensions of organizational behavior*. Boston: PWS-Kent.
- Adler, N., & Bartholomew, S. 1992. Managing globally competent people. *Academy of Management Executive*, 6(3): 52-65.
- Adler, N., & Ghadar, F. 1990. Strategic human resource management: A global perspective. In R. Pieper (Ed.), *Human resource management in international comparison*: 235-260. Berlin: de Gruyter.
- Aldrich, H. 1976. Resource dependence and interorganizational relations. *Administration and Society*, 7: 419-454.
- Aldrich, H. 1979. *Organizations and environments*. Englewood Cliffs, NJ: Prentice Hall.
- Anthony, R. 1965. *Planning and control systems: A framework for analysis*. Boston: Harvard University Division of Research, Graduate School of Business Administration.
- Barney, J. 1991. Firm resources and sustained competitive advantage. *Journal of Management*, 17: 99-120.
- Bartlett, C., & Ghoshal, S. 1989. *Managing across borders: The transnational solution*. Boston: Harvard Business School Press.
- Bartlett, C., & Ghoshal, S. 1994. Changing the role of top management: Beyond strategy to purpose. *Harvard Business Review*, 72(6): 79-88.
- Bartlett, C., & Ghoshal, S. 1995. Changing the role of top management: Beyond structure to purpose. *Harvard Business Review*, 73(1): 86-96.
- Beechler, S., Najjar, M., Ghosh, B., Dirdjosuparto, S., & Sieh, M. 1996. *Influences on affiliate HRM systems in Japanese and American MNCs in Southeast Asia*. Working paper, Center on Japanese Economy and Business, Columbia Business School, New York.
- Beechler, S., & Taylor, S. 1994. The management of Japanese and American maquiladoras: Evidence from eight firms in Tijuana, Mexico. In N. Campbell & N. Holden (Eds.), *Japanese multinationals: Strategies and management in the global kaisha*: 158-185. London: Routledge.
- Beechler, S., & Yang, J. 1994. The transfer of Japanese-style management to American subsidiaries: Contingencies, constraints, and competencies. *Journal of International Business Studies*, 25: 467-491.
- Blau, P. 1964. *Exchange and power in social life*. New York: Wiley.
- Business Week*. 1994. Getting "two big elephants to dance." [Special Bonus Issue]: 85.
- Butler, J. E., Ferris, G. R., & Napier, N. N. 1991. *Strategy and human resource management*. Cincinnati, OH: South-Western.
- Cohen, W., & Levinthal, D. 1990. Absorptive capacity: A new perspective on learning and innovation. *Administrative Science Quarterly*, 35(1): 128-152.
- Collis, D. 1991. A resource-based analysis of a global competition: The case of the bearings industry. *Strategic Management Journal*, 12: 49-68.
- Conner, K. 1991. A historical comparison of resource-based theory and five schools of thought within industrial organization economics: Do we have a new theory of the firm? *Journal of Management*, 17: 121-154.
- Dowling, P., Schuler, R., & Welch, D. 1994. *International dimensions of human resource management* (2nd ed.). Belmont, CA: Wadsworth.
- Edstrom, A., & Galbraith, J. 1977. Transfer of managers as a coordination and control strategy in multinational organizations. *Administrative Science Quarterly*, 22: 248-263.
- Edstrom, A., & Lorange, P. 1984. Introduction to the special issue on strategic planning, autonomy, and control processes in multinational corporations. *Journal of International Business Studies*, 15: 9-10.

- Evans, P., & Lorange, P. 1989. The two logics behind human resource management. In P. Evans, Y. Doz, & A. Laurent (Eds.), *Human resource management in international firms*: 169-190. New York: St. Martin's Press.
- Florida, R., & Kenney, M. 1991. Transplant organizations: The transfer of Japanese industrial organizations to the United States. *American Sociological Review*, 56(3): 381-398.
- Fombrun, C., Tichy, N., & Devanna, M. 1984. *Strategic human resource management*. New York: Wiley.
- Franko, L. 1976. *The European multinationals*. London: Harper & Row.
- Fucini, J., & Fucini, S. 1990. *Working for the Japanese*. New York: Free Press.
- Ghoshal, S., & Nohria, N. 1989. Internal differentiation within multinational corporations. *Strategic Management Journal*, 10: 323-337.
- Green, S., & Welsh, M. 1988. Cybernetics and dependence: Reframing the control concept. *Academy of Management Review*, 13: 287-301.
- Gupta, A., & Govindarajan, V. 1991. Knowledge flows and the structure of control within multinational corporations. *Academy of Management Review*, 16: 768-792.
- Hamel, G., & Prahalad, C. K. 1985. Do you really have a global strategy? *Harvard Business Review*, 63(4): 139-148.
- Hedlund, G. 1986. The modern MNC—A heterarchy. *Human Resource Management*, 25: 9-35.
- Heenan, D. A., & Perlmutter, H. V. 1979. *Multinational organization development*. Reading, MA: Addison-Wesley.
- Hofstede, G. 1980. *Culture's consequences*. Beverly Hills, CA: Sage.
- Hofstede, G. 1993. Cultural constraints in management theories. *Academy of Management Executive*, 7(1): 81-94.
- James, L., Mulaik, S., & Brett, J. 1982. *Causal analysis: Assumptions, models, and data*. Beverly Hills, CA: Sage.
- Kobrin, S. J. 1992. *Multinational strategy and international human resource management policy*. Working paper No. 92-14, Reginald H. Jones Center, The Wharton School, University of Pennsylvania, Philadelphia, PA.
- Lado, A., & Wilson, M. 1994. Human resource systems and sustained competitive advantage: A competency-based perspective. *Academy of Management Review*, 19: 699-727.
- Lant, T., Milliken, F., & Batra, B. 1992. The role of managerial learning and interpretation in strategic persistence and reorientation: An empirical exploration. *Strategic Management Journal*, 13: 585-608.
- Laurent, A. 1983. The cultural diversity of Western conceptions of management. *International Studies of Management and Organization*, 13(1-2): 75-96.
- Laurent, A. 1986. The cross-cultural puzzle of international human resource management. *Human Resource Management*, 25: 91-102.
- Lawrence, P., & Lorsch, J. 1967. *Organization and environment*. Homewood, IL: Irwin.
- Lengnick-Hall, C., & Lengnick-Hall, M. 1988. Strategic human resources management: A review of the literature and a proposed typology. *Academy of Management Review*, 13: 454-470.
- Levitt, B., & March, J. 1988. Organizational learning. In W. R. Scott & J. Blakee (Eds.), *Annual review of sociology*, vol. 14: 319-340. Palo Alto, CA: Annual Reviews.
- Lincoln, J., & Kallenberg, A. 1990. *Culture, control and commitment*. Cambridge, England: Cambridge University Press.
- Lincoln, J., Hanada, M., & McBride, K. 1986. Organizational structures in Japanese and U.S. manufacturing. *Administrative Science Quarterly*, 31: 338-364.

- Martinez, Z., & Ricks, D. 1989. Multinational parent companies' influence over human resource decisions of affiliates: U.S. firms in Mexico. *Journal of International Business Studies*, 20: 465-488.
- Milliman, J. M., Von Glinow, M. A., & Nathan, M. 1991. Organizational life cycles and strategic international human resource management in multinational companies: Implications for congruence theory. *Academy of Management Review*, 16: 318-339.
- Nadler, D., & Tushman, M. 1980. A model for diagnosing organizational behavior. *Organizational Dynamics*, 9(2): 35-51.
- Nelson, R., & Winter, S. 1982. *An evolutionary theory of economic chance*. Boston: Harvard University Press.
- Ohmae, K. 1990. *The borderless world*. New York: HarperBusiness.
- Penrose, E. T. 1959. *The theory of the growth of the firm*. New York: Wiley.
- Perlmutter, H. 1969. The tortuous evolution of the multinational corporation. *Columbia Journal of World Business*, 4(1): 9-18.
- Pfeffer, J. 1994. *Competitive advantage through people*. Boston: Harvard Business School Press.
- Pfeffer, J., & Salancik, G. 1978. *The external control of organizations: A resource dependence perspective*. New York: Harper & Row.
- Porter, M. E. 1986. Competition in global industries: A conceptual framework. In M. Porter (Ed.), *Competition in global industries*: 15-60. Boston: Harvard Business School Press.
- Porter, M. E. 1990. *The competitive advantage of nations*. New York: Free Press.
- Prahalad, C. K. 1975. *The strategic process in a multinational corporation*. Unpublished doctoral dissertation, Harvard Graduate School of Business Administration, Cambridge, MA.
- Prahalad, C. K., & Doz, Y. 1987. *The multinational mission*. New York: Free Press.
- Prahalad, C., & Hamel, G. 1990. The core competence of the corporation. *Harvard Business Review*, 68(3): 79-91.
- Pucik, V. 1988. Strategic alliances, organizational learning, and competitive advantage: The learning agenda. *Human Resource Management*, 27: 77-93.
- Pucik, V. 1992. Globalization and human resource management. In V. Pucik, N. Tichy, & C. Barnett (Eds.), *Globalizing management: Creating and leading the competitive organization*: 61-84. New York: Wiley.
- Putti, J. M., & Chong, T. 1985. American and Japanese management practices in their Singapore subsidiaries. *Asia Pacific Journal of Management*, 16: 340-361.
- Rosenzweig, P. M., & Nohria, N. 1994. Influences on human resource management practices in multinational corporations. *Journal of International Business Studies*, 25: 229-251.
- Rosenzweig, P. M., & Singh, J. V. 1991. Organizational environments and the multinational enterprise. *Academy of Management Review*, 16: 340-361.
- Roth, K. 1995. Managing international interdependence: CEO characteristics in a resource-based framework. *Academy of Management Journal*, 38: 200-231.
- Roth, K., Schweiger, D., & Morrison, A. 1991. Global strategy implementation at the business unit level: Operational capabilities and administrative mechanisms. *Journal of International Business Studies*, 22: 369-402.
- Roth, K., & Nigh, D. 1992. The effectiveness of headquarters-subsidiary relationships: The role of coordination, control, and conflict. *Journal of Business Research*, 25: 277-301.
- Schneider, S. 1988. National vs. corporate culture: Implications for human resource management. *Human Resource Management*, 27: 231-246.

- Schuler, R., Dowling, P., & De Cieri, H. 1993. An integrative framework of strategic international human resource management. *International Journal of Human Resource Management*, 1: 717-764.
- Schuler, R., & Jackson, S. 1987. Linking competitive strategies and human resource management. *Academy of Management Executive*, 1(3): 207-219.
- Sing, L. 1991. Features of Japanese direct investment and Japanese-style management in Singapore. In S. Yamashita (Ed.), *Transfer of Japanese technology and management to the ASEAN countries*: 135-149. Tokyo: University of Tokyo Press.
- Snell, S., & Deal, J., Jr. 1994. Strategic compensation for integrated manufacturing: The moderating effects of jobs and organizational inertia. *Academy of Management Journal*, 37: 1109-1140.
- Stinchcombe, A. 1968. *Constructing social theories*. New York: Harcourt, Brace & World.
- Taylor, S., & Beechler, S. 1993. Human resource management integration and adaptation in multinational firms. In S. Prasad & R. Peterson (Eds.), *Advances in international comparative management*, vol. 8: 155-174. Greenwich, CT: JAI Press.
- Thompson, J. 1967. *Organizations in action*. Chicago: McGraw-Hill.
- Thong, T. 1991. Foundations of human resources management practice in Japanese companies in Malaysia. In S. Yamashita (Ed.), *Transfer of Japanese technology and management to the ASEAN countries*: 135-149. Tokyo: University of Tokyo Press.
- Tichy, N., Brimm, M., Charan, R., & Takeuchi, H. 1992. Leadership development as a lever for global transformation. In V. Pucik, N. Tichy, & C. Barnett (Eds.), *Globalizing management: Creating and leading the competitive organization*: 47-60. New York: Wiley.
- Tung, R. L. 1988. *The new expatriates: Managing human resources abroad*. Cambridge, MA: Ballinger.
- Ulrich, D., & Lake, D. 1990. *Organizational capability*. New York: Wiley.
- Von Glinow, M., & Teagarden, M. 1988. The transfer of human resource management technology in Sino-U.S. cooperative ventures: Problems and solutions. *Human Resource Management*, 27: 201-229.
- Wernerfelt, B. 1984. A resource-based theory of the firm. *Strategic Management Journal*, 5(2): 171-180.
- Westney, D. E. 1990. Internal and external linkages in the MNC: The case of R&D subsidiaries in Japan. In C. Bartlett, Y. Doz, & G. Hedlund (Eds.), *Managing the global firm*: 279-300. London: Routledge.
- Wright, P., & McMahan, G. 1992. Theoretical perspectives for strategic human resource management. *Journal of Management*, 18: 295-320.
- Yeh, R. 1991. Management practices of Taiwanese firms: As compared to those of American and Japanese subsidiaries in Taiwan. *Asia Pacific Journal of Management*, 8: 1-14.
- Yuen, E., & Kee, H. T. 1993. Headquarters, host-culture and organizational influences on HRM policies and practices. *Management International Review*, 33: 361-383.

Sully Taylor is an associate professor of international management at Portland State University. She received her Ph.D. in human resource management and international business from the University of Washington. Her research focuses on international human resource management issues, including the effective design of global human resource management systems, the transfer of Japanese management practices abroad, and the management of women expatriates.

Schon Beechler is an associate professor of management and international management at Columbia Business School. She received her Ph.D. from the University of

Michigan in sociology and management. Her research focuses on issues of coordination and control in multinational corporations and the evolution of Japanese management practices at home and abroad.

Nancy Napier is a professor of management and international business at Boise State University. She received her Ph.D. degree from The Ohio State University. Her research interests focus on the links between strategy and human resource management and on international human resource management and issues facing global employees.