

HR Practices for Advancing International Organizational Learning in MNCs: Barriers and Solutions

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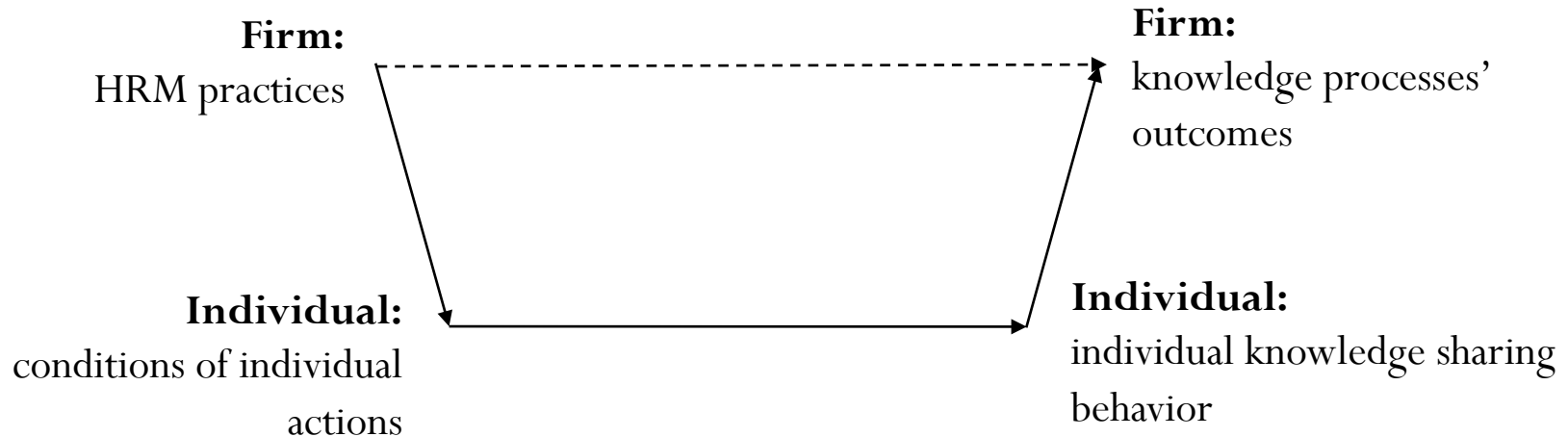
Background

- Previous research has found that the competitive advantage that MNCs enjoy over national firms is contingent upon the MNCs' ability to exploit knowledge internally across organizational units (Kogut and Zander, 1993).
 - A common theme in this line of research is that MNCs can develop knowledge in one location and then exploit it in other locations, requiring existence of internal organizational structures in place to support cross border organizational learning processes (Foss and Pedersen, 2002).
- MNCs can institute various organizational policies and practices to overcome barriers associated with cross-border knowledge transfer, thereby facilitating intra-MNC organizational learning processes

Background

- Pucik (1988): support to the process of organizational learning as the key strategic task facing the HRM function in many MNCs today.
- Lado and Wilson (1994): HRM practices can contribute to sustained competitive advantage through facilitating the development of competencies that are firm specific, produce complex social relationships, ... and generate organizational knowledge.

Knowledge Governance Approach



- Minbaeva et al (2003) in *Journal of International Business Studies*
- Minbaeva and Michailova (2004), in *Employee Relations*
- Minbaeva (2005) in *Personnel Review*
- Minbaeva (2008) in *International Business Review*
- Foss, Minbaeva, Pedersen and Reinholt (2009) in *Human Resource Management*
- Minbaeva, Foss and Snell (2009), Special Issue of *Human Resource Management*
- Minbaeva and Pedersen (2010), in *IJSCM*
- Foss and Minbaeva, SMG Working Paper and under review

HR practices

- Eisenhardt and Santos (2002): “collaborative context” that provides opportunities and motivation for individuals to exchange knowledge despite distance
 - Lyles and Salk, 1996; Bresman, Birkinshaw and Nobel, 1999; Simonin, 1999; Gupta and Govindarajan, 2000; Kostova and Roth, 2003
- E.g. expatriate assignments, international rotation and transfer, international project groups and task forces, and alike.
- Provide opportunities for continuous learning, create greater learning potential, build a learning environment that facilitates learning of its members and continually transforms itself, etc.

HR practices

- BUT! their implementation (the use) at the subsidiary level is often conditioned by various contextual factors (see De Cieri and Dowling, 2006 for review).
 - Differences between home and host countries' operational context
 - HQs' characteristics
 - Subsidiaries' characteristics

Use of HR practices to facilitate international organizational learning

<i>HQ's investment</i>	International formal committees	International project groups and task forces
	Expatriates	International informal networks

Subsidiary's involvement

Contextual factors (1)

- Differences between home and host countries' operational context (e.g. varieties of capitalism index)

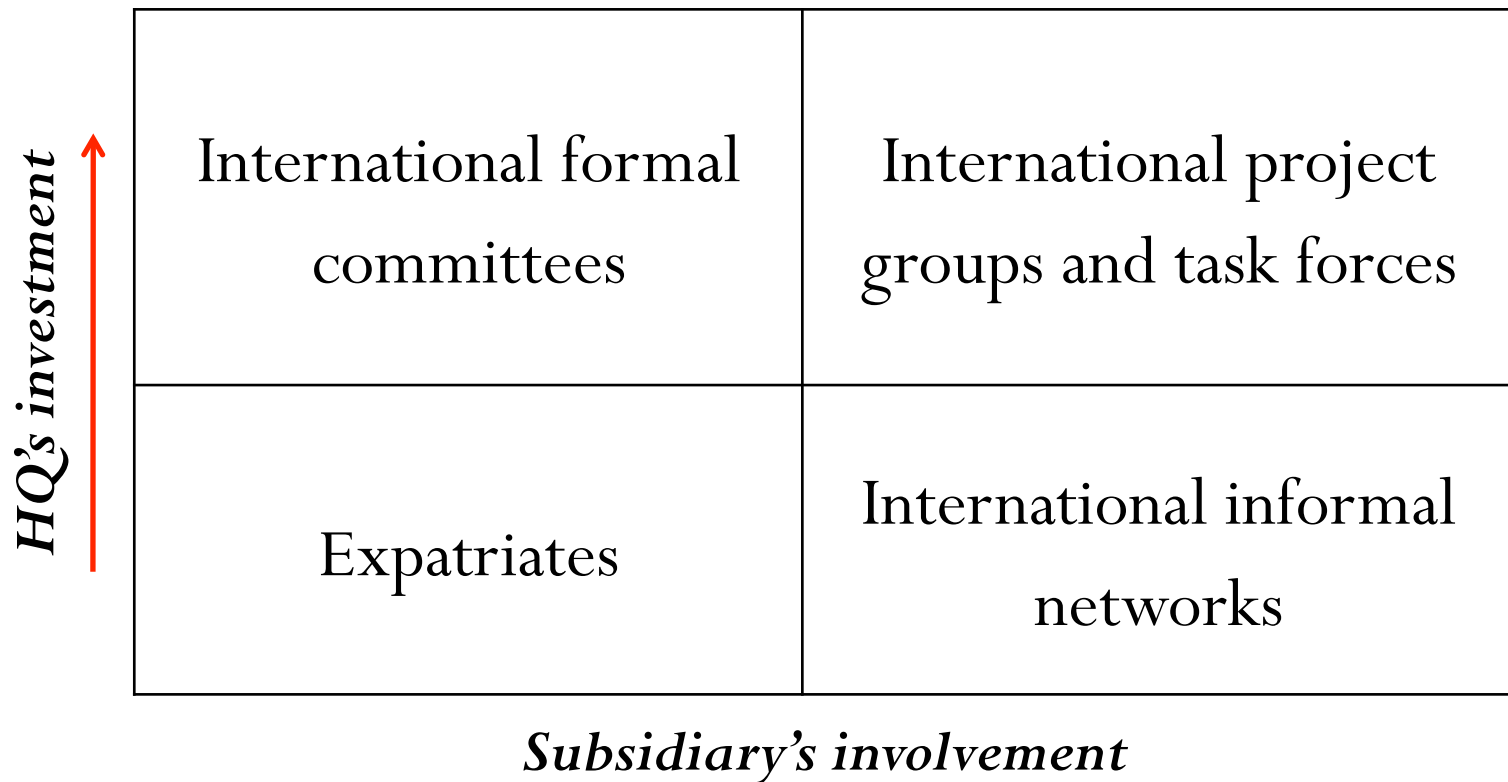
<i>HQ's investment</i>	International formal committees	International project groups and task forces
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Subsidiary's involvement

Contextual factors (2)

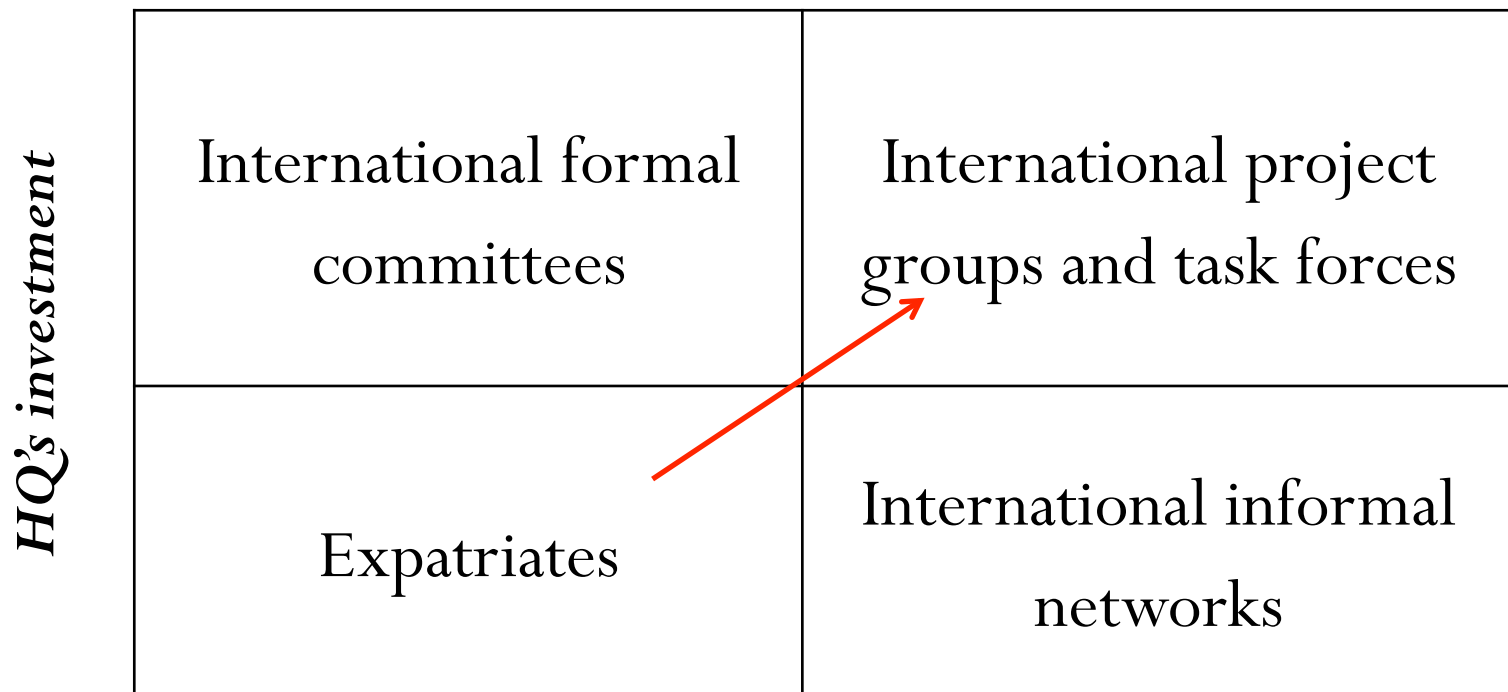
- HQs' characteristics (e.g. structure of international operations, global strategy, experience in managing international operations)



Contextual factors (3)

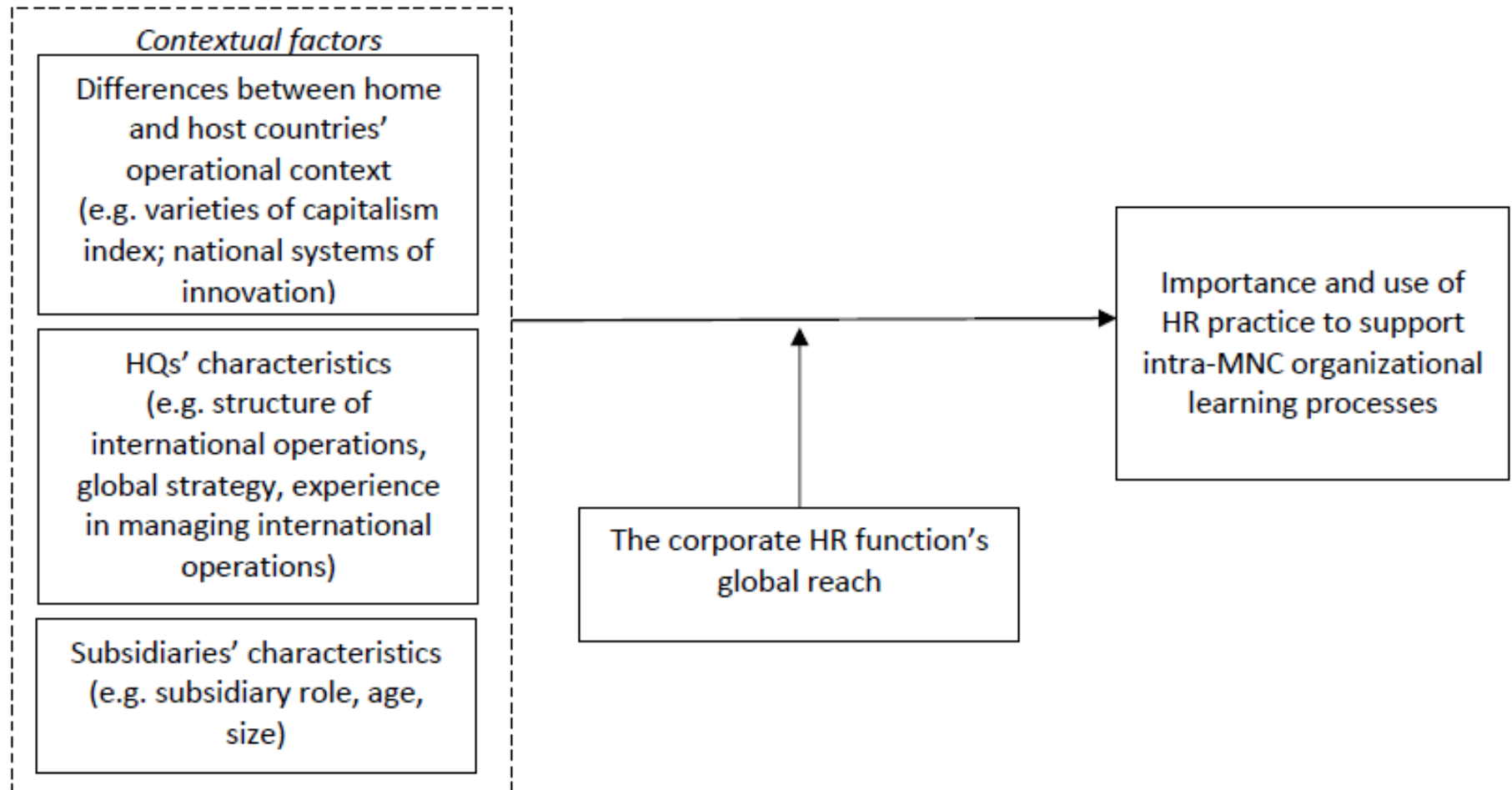
- Subsidiaries' characteristics (e.g. subsidiary role, age, size)

<i>HQ's investment</i>	International formal committees	International project groups and task forces
	Expatriates	International informal networks



Subsidiary's involvement

Theoretical model



HR function's global reach

- Although the concept of corporate HR function's global reach is not well-defined/developed in the literature but it may be associated with the debates around global orientation of HR function (see Stahl and Bjorkman, 2006).
- To become truly global, the corporate HR function needs to develop *co-ordination capability* that is necessary for rationalization of reciprocal activities in a global network organization (Nohria and Ghoshal, 1994).
- This coordination capability is built and sustained via participating in *international networks* and *regular meeting, collaborating with senior management* in development of *global HR policies*, and *promoting global mindset*.

HR function's global reach

- This discussion will benefit from the debates on the influence of top management teams on international expansion (Barkema and Shvyrkov, 2007), political influence theory (Ferris and Judge (1991) to explain the increasing influence of corporate HR in global organizations and arguments for the relevance of global mindset (Novicevic and Harvey, 2001)

Data

- *Employment Practices of Multinational Companies in Organizational Context.*
- Subset: only foreign-based MNCs

Implications

- HQs-subsidary relations
- the need for a global perspective in the HR function.
- the corporate HR manager needs more frequent face-to-face and indirect interactions with the HR managers
- an entrepreneurial promoter
- separate it from the administrative demands