Configuring for IHRM Knowledge Networking: A Typology and Empirical Assessment of Strategies, Structures and Processes of International HRM

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Abstract:

This article develops a framework of international human resource management (IHRM) that moves beyond strategy and structure to focus on processes. The results of six case studies of large German multinational corporations in three countries show different configurations of IHRM strategies and policies. International knowledge flows and coordination varied in intensity, content, direction and mechanisms used. With ‘polydomestic’ IHRM one type was identified that has been hitherto neglected. A differentiated view of international communication and coordination and their role influencing international convergence is needed.

Keywords: International Human Resource Management, Multinational Corporations, Processes, Communication, Coordination
I Introduction: The Search for Competitive Advantage

The search for the elements of international competitive advantage has been a prominent theme in the management literature of the last decades. In the 1960s, Perlmutter (1969) presented influential ideas on the international orientation of managers. One of his types, geocentrism, balances domestic and international tensions. Even if it is possible to be simultaneously globally efficient and locally responsive, this does not on its own make a multinational corporation (MNC) successful. Instead, many authors have identified innovation as one key to corporate success (Porter 1985; Hedlund and Rolander 1990; Pucik 1992; Bartlett and Ghoshal 1998). The ideas of competitive strategies aiming at responsiveness, efficiency and innovation have been applied to the realm of international human resource management (IHRM). A number of authors have argued that the underlying dimensions determining business strategy and structure can also be used in IHRM (e.g. Schuler and Jackson 1987; Adler and Ghadar 1990).

Given the importance of IHRM, it is surprising that relatively few studies have attempted to assess the international HRM configurations of worldwide operating enterprises. Harzing’s (2000) review of major research into typologies of MNCs finds that predominantly the corporations’ strategies and structures were analysed. Among those that do cover HRM, the studies by Perlmutter (1969), GERPOTT (1990) and Adler and Ghadar (1990) are conceptual and, therefore, lack empirical verification. Bartlett and Ghoshal (1989) outline nine cases but the characteristics of their four configurations are discussed unsystematically (Dickmann 1999; Harzing 2000). While detailed studies have emerged about HRM policies and practices of MNCs originating in particular countries (Kopp 1994; Festing 1997; Ferner et al 2001) or
operating in specific host environments (Wilkinson and Oliver 1992; Rosenzweig and Nohria 1994; Müller 1998; Ferner et al 2001; Dickmann 2003; Schmitt and Sadowski 2003) empirical research of international HRM types is underrepresented.

Such research would benefit from looking beyond issues of responsiveness and integration to cover processes to support innovation within international HRM. Innovation does not only comprise the creation of a new idea but also its transfer and diffusion (Asakawa and Lehrer 2003). The international exploration and exploitation of knowledge has been linked to a range of determinants such as, amongst others, organisational strategy, resource flows, information processing, resources of the local affiliate (size, experience of management, track record), embeddedness of the subsidiary in its local environment, cultural distance and parent-subsidiary relations (Egelhoff 1991; Bhagat et al 2002; Birkinshaw et al 2002; Özsomer and Gençtürk 2003). Studies have mostly concentrated on factors outside the direct realm of formal HRM such as the geographic sources of patents and innovation (Frost 2001).

There is a range of studies that deals with general head office – subsidiary communication, coordination and control which have added to our knowledge of IHRM (Gupta and Govindarajan 1991; Marchazina and Wolf 1996; Harzing 1999). This body of knowledge has, amongst others, sharpened our insights into specific patterns of formal and informal control (Ferner 2000), the intensity of coordination mechanisms (Wolf 1997), issues of power and diffusion (Ferner and Edwards 1995) or knowledge types and flows (Simonin 1999). Moreover, the literature points to complementary human resource practices, communication, visits and meetings moderating international knowledge transfers (Bresman et al 1999; Laursen and Mahnke 2001). However, the precise international communication and
coordination instruments and activities within the international HR function of MNCs are not fully researched, yet.

The discussion above has outlined the need to focus beyond strategies and structures on processes in IHRM, has described the merit of analysing a broad range of (cross-national) HR strategies, principles, policies and practices and has depicted the lack of a systematic typology of IHRM approaches. This paper attempts to narrow this gap and, thereby, contributes to the debates on local differentiation and global integration within IHRM. To achieve this, it goes beyond IHRM strategies and structures to explore the hitherto relatively neglected IHRM processes. National business system research identifies cultural and institutional characteristics thereby specifying a tightly limited number of home or host country influences and assesses to what degree these are reflected in the local or global operations of an MNC (Lane and Bachmann 1997; Müller 1999; Ferner et al 2001). This predilection on looking for certain characteristics runs the danger of not concentrating sufficiently on those HR strategies and practices that display little or no direct linkages to business system characteristics. Studies that employ a universalist perspective tend to concentrate on technological and strategic issues (including strategic HRM) rather than on the day-to-day activities of central and local HRM (Rank 1999; Whittington and Mayer 2000). This paper employed a different perspective in focussing on a broader range of HR activities including IHRM strategic objectives, recruitment and selection, training and development, performance management and careers. By concentrating on both substantive content and IHRM communication and coordination the research goes beyond strategy and structure to encompass processes. In order to do so, we identify and assess two key dimensions of IHRM: international standardisation and knowledge networking (see below). The empirical findings allow us to draw up an exploratory typology of IHRM and attempt to answer whether multinational corporations have established globally
integrated, locally adapted or cross-nationally coordinated HRM. Moreover, the paper identifies some motivation for the chosen approaches and the actual IHRM configuration achieved.

**Two Dimensions of IHRM: Standardisation and Knowledge Networking**

Many ‘ideal’ types in the literature recognise two basic forms: a locally responsive firm and a globally integrated company (c.f. Perlmutter 1969; Prahalad & Doz 1987; Bartlett and Ghoshal 1998). Harzing (2000:103) argues there is a continuum of integration / coordination / globalization advantages versus differentiation / responsiveness / localization advantages. Thus, one overarching dimension – we will call it standardisation⁹ - is sufficient to assess the ‘uniformity’ of international HR strategies, structures and policies of MNCs. The above dimension has been frequently discussed in the literature and therefore it is sufficient to operationalise it in the methodology section. Akin to Bartlett and Ghoshal’s 1989 terminology high HR standardisation refers to ‘global’ HRM characterised by highly integrated international HRM strategies, principles and instruments. Conversely, low standardisation describes ‘multidomestic’ HRM shaped by locally developed and implemented HR strategies and policies.

Beyond the basic types, however, there may be companies that manage to be simultaneously integrated and differentiated. To achieve this difficult balance – thereby overcoming the global-local dilemma – sophisticated communication and coordination is necessary to identify the internal and external circumstances in which IHRM standardisation is possible and in what cases local responsiveness is necessary. These processes are captured in a dimension that we will call knowledge networking⁸. Knowledge networking focuses on the internal
communication and coordination mechanisms used to support the creation and diffusion of ideas and experiences.

**Communication.** Local knowledge is specific to a host country regarding, for example, its economy, socio-cultural factors or language (Inkpen and Beamish 1997). Knowledge is also embedded in its local context and ‘system’ (Birkinshaw et al 2002) and local learning networks may facilitate innovations (Tregaskis 2003). Some local HR knowledge is likely to be communicated across national borders in MNCs while ‘global’ HR strategies and approaches will be internationally transferred. In 1991, Gupta and Govindarajan have shown that reciprocal information flows dominate in multinational companies indicating that it is important to look at the direction of IHRM knowledge flows. Specific insights into the local context vary, amongst other characteristics, in tacitness, complexity, structure and national system embeddedness which influences the extent of internal corporate knowledge transfer (Lord and Ranft 2000; Bhagat et al 2002; Birkinshaw et al 2002). Thus, knowledge networking needs to take account of communication content. While the nature of knowledge and innovative ideas influences international integration and local adaptation, organisational structures, subsidiary roles and personal relationships also impact on worldwide communication. Personal relationships across unit boundaries have positive effects on the frequency of inter-subsidiary and subsidiary – head office communication (Ghoshal et al 1994). Differences in subsidiary roles (c.f. Birkinshaw and Morrison 1996) have a bearing on international knowledge flows. For example, ‘receptive’ subsidiaries make a heavier use of communication mechanisms than ‘autonomous’ local operating units (Martinez and Jarillo 1992). The above points to the importance of capturing international communication intensity, direction and content within the knowledge networking dimension.
**Coordination.** The second sub-dimension of knowledge networking is coordination. Bartlett and Ghoshal (1989:70) advocate to create an integrative organisational culture through what they call ‘co-option’, a process that encourages a shared vision and personal commitment. However, if there is less than perfect ‘co-option’ the informal relationship between head office and subsidiaries will need to be underpinned by more formal coordination mechanisms. (Ferner and Edwards 1995; Ferner 2000). Therefore, HR knowledge networking focuses on bureaucratic, social and personal coordination and control (Child, 1984). Bureaucratic coordination is based on a framework of formal roles and procedures that are monitored and sanctioned. The planning, monitoring and reporting of key HR budgets and initiatives that goes on between and within the head office and subsidiaries falls in the realm of bureaucratic coordination. Direct close supervision determines personal control. Within IHRM this is expressed through the relationship of key international HR managers to their subsidiary counterparts. Social (or cultural) coordination is exerted by raising the commitment to the values and goals of the MNC internationally. Means to raise social coordination within IHRM include international management development, cross-national team work and projects as well as expatriation policies and flows.

The remainder of the article outlines the research design and operationalises the two dimensions of international HRM. It then presents results of six case studies of German MNCs each operating in the UK and Spain. A number of patterns of what HR areas and instruments are more prone to international integration, distinctive communication and coordination processes are identified. The observed IHRM strategies, structures and processes lead to a tentative formulation of a new framework for IHRM. Then the findings are discussed and conclusions are presented.
Research Methods

The research is based on six case studies of German MNCs each operating in their national environment, Britain and Spain. Case studies are a particularly adequate method to investigate causes, processes and consequences of behaviour (Yin 2003). In order to capture country variations we approached only MNCs that had significant operations in both the UK and Spain. Working with the same companies in both countries opened up the possibility of gauging local influence on policies and practices and allowing us to control for company-specific variables. While a quantitative study would be able to identify the IHRM practices of MNCs, it would be less helpful in gaining an understanding of how specifically these work and why they were chosen. Because it has a higher ability to investigate contexts and to deal with a variety of evidence we have used a case study method (Miles and Huberman 1994).

Of particular interest for the study of these issues are German MNCs. German MNCs are amongst the biggest and most international companies in the world (UN 1995) and size impacts positively on knowledge transfer (Bresman et al 1999). Moreover, the German business system has a number of distinct features which shape the HR practices of indigenous companies (Lane 1992; Ferner and Varul 2000; Dickmann 2003). This makes it likely that they are confronted with issues of diverging HR policies and practices in their foreign subsididaries which impacts on the companies’ choices about standardisation and knowledge networking.

There are a range of reasons for the choice of German companies operating in Spain and Great Britain. First, the selection of Spain and the UK reflects the different national business systems and HR practices (Quintanilla 1998; Temple 2000; Dickmann 2003). Second, the
emergence of a range of EU regulations may lead to an increased perception by MNCs to knowledge network and integrate their HR approaches internationally. Third, most major MNCs generate the bulk of their sales in their home triad (Rugman and Verbeke 2004). The authors argue that there seem to be ‘regio-specific’ firm advantages which would imply to concentrate on EU countries for German firms. Fourth, the choice of countries was also influenced by practical considerations such as access and language skills of the researcher who speaks the three languages fluently.

The cases consisted of three of the five biggest private German banks and three major manufacturing companies (see Table 1) each founded in the last century. Service organisations are often less represented in research despite having different types of employees and HRM policies (Brewster et al 2001). Distinct training, development and performance management practices may be the result of diverging strategies which impact on IHRM. All companies had a long foreign administrative heritage which increases the chances of intensive reciprocal knowledge transfer (c.f. Bartlett and Ghoshal 1998; Bresman et al 1999).

**Insert Table 1 here**

In total 98 interviews were carried out in Germany, Britain and Spain, a majority between 1997 and 1999. Most of them were with senior and middle HR managers and some with line managers in the head offices and local affiliates of the MNCs. The research attempted to assess the degree of IHRM global integration, local adaptation and cross-national coordination in major MNCs. As outlined in the literature review, it moved beyond the traditional ‘universalist’ focus on strategy to concentrate on local and international HR policies and processes. The institutional literature would define German business systems...
characteristics - such as long-term, developmental and high investment orientations (Lane 1992; Dickmann 2003) - and attempt to identify these in the sample. This paper strives to look more specifically at IHRM strategy and the key HR operational activities of recruitment and selection, training and development, performance management, career management and rewards. Almost all HR textbooks identify these areas as key personnel tasks.

In all three countries interviewees were asked about the underlying IHRM philosophy and strategy, a wide range of HR policies and practices approaches and the origin and further development of these. This normally led to a discussion of IHRM communication and coordination patterns for each of the HR areas. A semi-structured questionnaire guided the interviews that allowed the flexibility to concentrate on issues of particular interest. Thus, the interviews then focussed on important issues, ‘typical’ approaches and key incidents.

Operationalisation of the IHRM dimensions

Because the institutional, high context and the universalist, low context literature (Child 2000; Geppert et al 2003) has concentrated on describing IHRM from different perspectives this created the necessity for the researcher to develop an assessment method. While the areas and categories are often based on existing approaches – e.g. building on Child’s (1984) concept of different forms of coordination and control – the actual categorisations were developed during the course of the study. The researcher strived to avoid overly simplistic decisions and drew up the categories of low, moderately low, moderately high and high IHRM standardisation and knowledge networking which are operationalised below. Table 2 provides an overview of the criteria used.
Standardisation of general IHRM principles and objectives. A first indicator of standardisation is whether general HR principles, guidelines and objectives are internationally integrated. Information about the espoused HRM philosophy and strategy may be found in internal and publicly available written documents such as strategy papers, company reports, or articles. Moreover, non-written principles could also be observed through the interviews. On this level of analysis the influence of parent-country and host country business systems can often be captured (c.f. Müller 1998; Quintanilla 1998; Ferner et al 2001). The influence of the cooperative industrial relations mechanisms and practices, the high investment orientation of the German MNCs in this sample and their long-term orientation have been described in Dickmann (2003). Obviously, the espoused IHRM approach may vary from what is actually implemented. Interviews with executives in strategic positions in all three countries gave an indication of actual worldwide integration. Table 2 outlines the criteria used for categorisation.

Standardisation of key HR areas. We concentrated on five main HR areas – recruitment and selection, training and development, career management, performance management and rewards – to assess actual standardisation. Existing studies (Bartlett and Ghoshal 1998; Harzing 1999; Tregaskis et al 2001; Ferner et al 2004) have mostly focussed on subsets or on subgroups of these areas when discussing issues of global integration and local autonomy. This study attempts to draw up a fuller picture of the standardisation of a key range of day-to-day HR policies, practices and instruments. The method used to categorise the HRM approaches in the five areas consisted of three steps. Step one assessed whether there were any specific internationally applied guidelines and philosophies referring to the HR area under consideration. If an international guideline existed and was applied to all staff we regarded this as high standardisation. At the other end of the spectrum, there were no cross-national
guidelines for a specific HR area. Where there were guidelines that were only applied to some subgroups of the organisation – e.g. worldwide competencies only for managers – we regarded this as moderate standardisation. Whether these were classified as moderately low or moderately high depended on the actual coverage: if only senior and middle management was covered this was regarded as moderately low standardisation (c.f. Table 2). The second step assessed the actual content of HR instruments in the five areas. At the upper end of the dimension were companies that applied international uniform instruments and practices and at the lower end companies that had local approaches. Hybrid forms, pronounced in training and development where only some seminars were internationally created and implemented, were possible. The classification into moderately low or high depended on the extent of international uniformity of instruments. The third step consisted of combining this information to produce a general standardisation measure for the specific HR area. The sub-categories (steps one and two) were assumed to be of equal importance and averaged where the ratings diverged.

**Insert Table 2 here**

*Knowledge Networking - Coordination.* The literature review has outlined the case for assessing bureaucratic, social and personal coordination and control within MNCs (Child 1984; Ferner 2000). This paper takes their ideas and applies them to the realm of IHRM. It develops criteria for assessing the intensity of the three types of coordination mechanisms (c.f. Table 2). We focused on IHRM planning and reporting patterns (bureaucratic coordination), international management seminars and international assignments (social coordination) and the role and cross-border involvement of international HR top managers (personal coordination). Low international coordination would mean all or many of the following
characteristics: no international HR planning or reporting, no or very limited international management development initiatives, few expatriates and other international assignees and little or no personal involvement of superior HR managers from head office in the personnel work of subsidiaries. High international coordination could be identified if an organisation displayed many or all of these characteristics: extensive international HR planning (including strategy formulation), detailed budgets of a range of initiatives covering the whole local workforce, detailed reporting dealing with sub-categories (e.g. HR budget AND training budget), many, diverse and multidirectional international assignments and intensive formal or informal cross-national involvement of HR superiors. Moderate forms of international HR coordination are also possible. For example, moderately low IHRM planning and reporting activities would encompass the determination of general HR budgets and subsequent reporting of these figures. In contrast, a moderately high classification would go beyond general HR budgets and reporting to cover specific budgets of HR sub-categories (e.g. training budgets, personnel marketing budgets) and their monitoring.

Knowledge Networking - Communication. To evaluate international communication we looked at intensity, direction and contents of information flows pertaining to general HR issues and specific HR instruments (Table 2). The HR communication direction distinguished between unidirectional, bi-directional and multidirectional information exchanges between subsidiary and head office, within the network of national operating units located in the EU region and on a global scale (c.f. Gupta and Govindarajan 1991; Rugman and Verbeke 2004). The intensity was gauged by a variety of mechanisms and their frequency of usage in relation to HR topics. These included the existence and frequency of generalist or specialist HR forums, personal visits, informal contacts and formal written communication. This assessment captured the impact of personal relationships, the role of the head office and subsidiary HR
experts and reflected the autonomy and local embeddedness of the HRM of foreign affiliates (c.f. Martinez and Jarillo 1992; Ghoshal et al 1994; Birkinshaw et al 2002). The contents assessed the breadth of HR topics covered and helped to identify HR innovation potential. The focus would be whether the HR communication would stretch beyond formal reporting to include new HR ideas, experiences and evaluations given the local and global context. This would reflect the tacitness and complexity of HR knowledge and the local system embeddedness (Birkinshaw et al 2002).

Low international HR communication activity would typically involve few exchange means (e.g. no or little cross-border HR projects, no HR meetings internationally) as well as general head office - subsidiary communication low on HR content (e.g. the central board and the general manager for the local affiliate agree a general budget and there is general reporting comprising some key HR figures such as headcount). Moderate classifications were also possible where the communication intensity rises (from no visits via infrequent to frequent HR visits, cross-national forums, more informal contacts), HR contents increase and the direction becoming more reciprocal. High international HR knowledge exchange would mean a high communication intensity through HR specialists forums, international project work, frequent visits, multidirectional, often worldwide networked HR communication that cover contents ranging from budgets and results to IHR strategy, coordinated instruments and implementation plans and experiences. Thus, new ideas can be jointly developed and the chances of successful international implementation improve. Again, the next step combined the two ratings for communication and coordination to gain a result for knowledge networking.

The study used a range of approaches to increase the validity and reliability of the research. Multiple sources of evidence in the form of written documents internal and external to the
organisation and interviews with specialists outside the organisations in addition to the company interviews were conducted (c.f. Table 1). This allowed the development of converging lines of inquiry (Yin 2003). Most existing research uses single respondents or corporate headquarters as their data sources. This may result in an overly “structured” view of the firms and may not expose internal disagreements, politics and “flouting” the rules. The present study established independent access to head offices and a range of local subsidiaries within the same MNC to avoid the above problem. Thus, it accessed the perspectives of different HR professionals in various countries in order to gain more balanced information about the espoused and actual degree of IHRM integration and coordination and the ‘fault-lines’ in the processes. In cases of inconsistent information and in areas where the researcher could not gather ‘hard’ data to support claims, he generally attempted to receive other independent information. As an important part of the research, the three separate country cases for each company were sent to the MNC managers for verification and their feedback integrated.

The data gathered in the interviewed based on the semi-structured questionnaire was captured in a case study protocol and a data base that mirrored the international and national HR areas within the organisations and their standardisation and knowledge networking. The data base facilitated tentative comparisons across case companies and will be discussed in the findings section below.
Findings

All six case companies were in the DAX stock market index of the biggest 30 German listed organisations. Each firm has increased its international operations in the last two decades significantly which has led to a much higher percentage of foreign staff in relation to total employees. Chemico, Electroco and Bigbank have now significantly more foreign than domestic staff. They were structured along the M-form and had several decades of experience with foreign operations. This meant they had time to evolve as international organisations and to refine their IHRM (Bartlett and Ghoshal 1998).

Standardisation of worldwide principles and objectives

Most of the case companies standardised the principles and objectives governing their IHRM to a moderately high degree. Four organisations – Elektroco, Chemico, Specialbank and Eurobank – had leadership principles, guidelines and expatriation policies that were worldwide integrated. They also had a policy of ‘comparability’ of rewards for executive employees. Moreover, it was interesting to note that three of the companies – Elektroco, Specialbank and Chemico – had an international code of conduct. These included striving for worldwide employment security, good working conditions, company pensions and health insurance. Amongst the unusual elements to standardise were the ‘introduction of a German cultural element’ (Eurobank) or ‘cooperation with employee representatives’ (Elektroco). Engineercio was the only sample firm that had low standardisation of general principles and objectives – it simply did not have any written ones. Overall, no sample company integrated principles and objectives highly since the policies often aimed at management rather than at all employees. Moreover, the extent of coverage was limited: for example the reward
principles referred to performance-related pay rather than the whole reward system. This merits a detailed look at HR instruments.

*Standardisation of HR instruments*

The most highly standardised HR areas were career management, training and development and performance management. It was always half the sample – interestingly the same three companies Specialbank, Eurobank and Elektroco – that achieved at least moderately high cross-national standardisation.

Starting with *career management* Specialbank integrated its cross-national career instruments most extensively. It used an internationally standardised system of skill portfolios and leadership potential for management. The effect was a cross-national successor scheme for all management levels. Individual development plans, moreover, existed for all staff. Elektroco’s worldwide integration of career instruments used a similar pattern but extended to fewer managerial levels. Globalbank and Chemico had integrated their career management around a small group of high potentials. Eurobank, on the other hand, used a distinct approach. It had standardised the competencies needed to move up to lower management but did not integrate middle management careers. Thus, the coverage of Eurobank’s career management was significantly more extensive than that of Globalbank or Chemico. As with all other instruments, Engineerco did not have any international approaches so that its standardisation was consistently low. Overall, no world-wide successor schemes or competency frameworks existed that applied to *all* staff in any of the six companies.

Elektroco, Specialbank and Eurobank standardised their *training and development* to a moderately high degree. The companies had a range of courses that were given in an identical/similar form around the world. Next to some technical or functional training, a
number of management courses were developed in Germany utilising corporate guidelines and attempting to support common company values. Elektroco, like Bigbank and Eurobank, implemented German dual vocational training in many foreign subsidiaries. Again, no complete integration of all trainings for all staff was found. In reverse, Engineerco had virtually no international standardisation of training and development save the idiosyncratic use of technical dual vocational training in Spain which originated through the ideas and personal commitment of the German managing director.

Elektroco, Specialbank and Eurobank also displayed moderately high *performance management* standardisation. All of these organisations used management by objectives, yearly appraisals and had highly integrated appraisal forms for managers. Moreover, Elektroco and Specialbank provided compulsory management seminars that covered the use of appraisal instruments and the underlying competency frameworks. No company, on the other hand, had totally standardised performance management as most of the non-managerial staff was appraised by using local processes and instruments. Engineerco, on the other side of the standardisation spectrum, relied exclusively on local performance management approaches. Further, internal variations between countries were possible. Bigbank had a moderately highly standardised performance management in the UK but no standardisation with its Spanish operations which had insisted on their autonomy.

*Recruitment and selection* as well as *rewards* were the HR instruments least internationally integrated in the sample firms. While four companies had espoused international pay principles such as performance-related pay, only Chemico achieved a moderately high standardisation. The corporation had implemented a worldwide analytical job evaluation (Hay-based) and a highly standardised compensation system for management. In contrast,
three of the firms had moderately low rewards standardisation by integrating only particular areas such as top management pay. Engineerco and Specialbank were adamant that compensation should be completely market-driven and subsequently had exclusively local pay structures – even expatriates would negotiate their compensation packages individually in Engineerco. There was only one corporation, Specialbank, which displayed moderately high standardisation in recruitment and selection. The bank used the same international criteria for all management and graduate recruitment and selection. Assessment centres were drawn up in Germany and used world-wide. Selection instruments for general staff were either locally or jointly developed with the foreign subsidiary. Three corporations had moderately low standardisation. They used international recruitment strategies for resourcing their high potentials (at top business schools) or had integrated competencies combined with local approaches as a basis for their management selection. Chemico and Engineerco, on the other side of the dimension, did not employ any cross-nationally integrated approaches.

Overall, no sample organisation standardised their entire international HRM. Instead, half the case companies had moderately high standardisation, Chemico and Bigbank had moderately low standardisation and Engineerco low standardisation in IHRM. Amongst the three companies operating in the same sectors there were differences in approaches. Given that there were few obvious structural determinants that were significantly different (c.f. Edwards et al 1993) or that companies were in a radically different ‘life cycle’ of the foreign affiliate (c.f. Adler and Ghadar 1990; Dowling et al 1999) there may be much choice involved in the IHRM standardisation MNCs achieve. However, the observed variety was moderate. Elektroco, Specialbank and Eurobank concentrated especially on career management, training and development and performance management in their drive to integrate worldwide HRM. These three HR areas were regarded within the organisations as strongly linked. Crucially, HR
managers in the head office believed that a wide range of instruments could be applied to employees irrespective of the specific national contexts. Nevertheless, the worldwide instruments were targeted predominantly at management because of the specific aims pursued – e.g. international optimisation of resource allocation, high potential development or cultural management – and the costs and complexity involved in broadening their application to general staff. Other research supports the company focus of coordinated IHRM approaches on management with management development and the identification of high potentials being areas where worldwide integrated policies of German organisations frequently exist (Ferner et al 2001). In the sample, the two HR areas of recruitment and selection and rewards were normally regarded as essentially local and therefore dependent on market and other context factors. This assessment was shared by the other sample firms which had either low or moderately low standardisation. The differences in worldwide standardisation of HR instruments could be related to whether HR executives believed that integrated career and performance management as well as training and development would be possible and successful. The actual standardisation would then hinge on international communication and coordination mechanisms.

Knowledge Networking: The Role of Coordination in MNCs

Now we will discuss the bureaucratic, social and personal coordination mechanisms that are used by the sample firms to knowledge network. Half of the organisations used moderately high bureaucratic coordination. Eurobank, Elektroco and Specialbank had detailed international HR planning and reporting. The two banks determined country-specific HR budgets – detailing specific HR sub-budgets such as a training investment - in the corporate centre and had detailed reporting procedures established. For example, Eurobank monitored local training expenditure and training days and carried out internal, cross-national HR
benchmarking. In contrast, Elektroco put less emphasis on HR planning but had created
detailed monitoring mechanisms including internal audit teams that would visit foreign
subsidiaries every four years. The audit specialists had the power to issue binding
recommendations to which local HR management had to comply to, for example, to
implement Hay-based job evaluations. Nevertheless, no sample company had high
bureaucratic coordination which would have meant intensive HR planning and budgeting for
all HR sub-areas and detailed reporting of the results. In fact, even moderately high reporting
patterns could be seen as an control that may lead to unwelcome interference. The head of HR
of Specialbank’s London branch outlined why she consciously withheld labour turnover
information:

“[Name of direct German HR superior] would regard labour turnover as too high and
demand actions. But we like it the way it is – we need some ‘new blood’”.

Even those firms that had moderately strong bureaucratic coordination preserved substantial
autonomy at the local level. The strategic and operational HR freedom of subsidiaries was
even more pronounced with the other organisations. In extreme, Engineerco did not have any
centralised HR planning and the standard reporting from subsidiaries did not include HR data
other than headcount. Also, other companies had little bureaucratic coordination. Although
Chemico’s head office management monitored some HR key performance indicators it did not
formulate any local HR budgets. It’s board member responsible for HR explained that

“we want to harmonize the philosophy but the method is determined locally”.
The identification with a harmonized philosophy may have been supported by *social coordination*. Therefore, we will discuss the extent that social coordination mechanisms such as international management trainings, project work or expatriation are used by the sample firms. Only Specialbank, had high social coordination in that it had extensive parent-country expatriation – almost all high executives were German –, had established a number of international project groups and used cross-national seminars intensively. Half of case organisations displayed a moderately high degree of social coordination – mostly by the extensive use of parent-country expatriation. In Eurobank a third of all second level managers abroad were German and ten percent of all foreign staff while 70 percent of Engineerco’s managing directors were from the parent country. Whereas the two companies had limited international management trainings, Elektroco employed international seminars extensively. A third of the sample firms, Chemico and Bigbank, used social coordination to a moderately low degree. These organisations had few international trainings and used their more limited expatriation mostly for the development of young high potentials rather than as a coordination and control function.

Another form of *coordination* that could aid international innovation is *personal* control. To assess the extent of personal coordination it is important to evaluate organisational structures – whether local HR managers have head office HR superiors (direct or “dotted line” responsibility) – and how much direct personal supervision and control is exerted. Specialbank was the only sample enterprise which had high personal coordination. Local HR heads had strongly integrated functional reporting lines to head office. Further, the head of international personnel visited each foreign operating unit at least once every year. Chemico and Elektroco displayed moderately high personal coordination. While their international HR directors sometimes visited local operations the reporting relationship with their counterparts
was less direct. In contrast to Specialbank, local HR executive enjoyed more autonomy and, thus, the journeys had a tendency to serve knowledge exchange and networking aims. One of the two companies having low personal coordination was Eurobank. The HR director in the London branch stated:

“Dr. X [Name of IHRM Director] – I have never met her in person”.

This lack of personal contact is likely to be detrimental to frequent and intensive communication which may be conducive to international HR innovation.

Knowledge Networking: The Role of Communication in MNCs

Half of the sample companies (Chemico, Specialbank, Elektroco) used moderately high international communication while two firms employed moderately low and the last organisation low information exchange approaches. The three most intensive “knowledge networkers” displayed similar communication contents and intensity. However, on the dimension of direction, especially given the sequence of their interaction, their approaches varied. Chemico’s international knowledge networking could be characterised by tight consultation and co-operation between head office and subsidiaries (c.f. Wiedemann 1992). In addition to a yearly ‘Summit’ meeting of general management, all top European HR executives met six times a year. These meetings were predominantly used to exchange ideas internationally and to discuss processes in areas that might be co-ordinated. Chemico used the results of the European HR executive meetings to build bi-national and multi-national project groups. At the time of the interviews, one group was working on international benchmarking issues. Another group had successfully introduced Hay analytical job evaluation based on the company’s US experiences. The key difference between these moderately high “knowledge
networkers” related to the sequence and direction of communication. Chemico’s international HR innovation approach was concurrent cross-national development and multidirectional communication. Implementation was voluntary. As one German senior HR manager commented:

“*We are not the Vatican*”.

This contrasted to the innovation path Elektroco preferred. In Elektroco, ideas could emerge from anywhere in the worldwide network. They would then be developed in the Munich head office and piloted in one subsidiary. This happened with a new management reward system where the originator of the ideas and the test country was Spain. The experiences and further ideas would then be fed back to Germany where the new reward approach was refined. Later, it would be adjusted in Spain to suit the local environment. Only after the successful pilot would the new instruments be presented to a broader international HR audience for role out. A Spanish HR executive evaluated the benefits as

“It’s best to do the development in Munich where they have many experts who do nothing but this all day long”.

In effect, this innovation pattern was centred on the head office and allowed central knowledge accumulation. It involved sequenced communication that was at first unidirectional and only later became multidirectional – coupled to compulsory implementation.
All other sample firms had sequenced unidirectional communication between the head office and each local subsidiary. Specialbank had moderately high communication intensity covering a lot of contents such as details of training programmes, competencies or career patterns. Eurobank and Bigbank used moderately low communication intensity with concentration on some key topics (often expatriation and compensation related) and some limited reporting. The lowest intensity and lowest contents in HR knowledge networking was found in Engineerco. The Spanish HR manager stated

“The only time we have contact [to other HR managers from head office] is when they want to visit us for cheap vacations”.

A high ‘knowledge networker’ was not only expected to be characterised by high intensity, multi-directional international HR communication flows covering a large range of personnel issues and extending across staff hierarchies but also to use the whole range of social, personal and bureaucratic coordination mechanisms. The three companies that had the highest communication and coordination activities among the sample still showed only moderately high knowledge networking. Chemico and Elektroco used multidirectional information exchanges and generally attempted to identify and exploit HR ideas originating from anywhere in their parent and subsidiary operations. Although the process of idea development differed in the two firms, they both concentrated on social and personal coordination mechanisms rather than on bureaucratic planning processes. This was in marked contrast to the third moderately high “knowledge networker”. Specialbank essentially used sequenced unidirectional communication as there was an inherent belief – one interviewee described it as “pride” – that the head office developed instruments were highly sophisticated and internationally applicable. The bank subsequently had a strong focus on bureaucratic, social
and personal coordination to guarantee intensive ethnocentric information dispersion. The other case corporations had either low or moderately low knowledge networking mainly because they did not see a value in intensive information exchange as they doubted the benefits of internationally integrated HR policies and practices. Instead, they tended to concentrate on few key HR performance indicators and social control through international assignees. The one notable difference was Eurobank – like Specialbank it pursued an ethnocentric HR standardisation strategy albeit with lesser communication and coordination.

In general, many of the insights from the literature are reflected in the findings. Because much of local HRM was seen as deeply embedded in the national context many companies did not create formal mechanisms (or showed informal patterns) of HR knowledge exchange to improve their IHRM (c.f. Birkinshaw et al 2002). Also, personal relationships had a positive influence on the frequency of head office – subsidiary and inter-subsidiary communication (Ghoshal et al 1994). However, the role of the subsidiary in terms of being receptive needed to be distinguished in terms of product or HR receptiveness (c.f. Martinez and Jarillo 1992). Engineerco had low knowledge networking despite being a highly receptive subsidiary in terms of its products and service strategy. Moreover, local learning networks (Tregaskis 2003) could serve to gain trust and legitimacy and could be beneficial for (mostly local) HR innovations but there were exceptions. Eurobank which pursued moderately high standardisation and **moderately** low knowledge networking insisted on parent-country standardisation and innovation. Exploring these exceptions may be beneficial for more refined insights into the role of local learning. This section has described the standardisation and knowledge networking of six German MNCs in three European countries. Below, we describe and categorise the IHRM findings for the sample organisations.
Four IHRM Types

Although a large range of diverse IHRM policies and practices can be identified, the sample firms can be grouped in four different ideal types. Three of these are familiar from the international business literature: global, multidomestic, and transnational (Bartlett and Ghoshal 1998). The fourth type, polydomestic IHRM, is distinct from Bartlett and Ghoshal’s international firm in that it combines low standardisation with high knowledge networking. The other three configurations are the results of the other possible combinations of low or high standardisation and knowledge networking (Figure 1). The benefit of this typology is that it avoids the unclear boundaries of international and transnational companies (Leong and Tan 1993; Harzing 2000) and allows a systematic assessment of the IHRM of MNCs.

With moderately high standardisation and moderately low knowledge networking, Eurobank pursued a global IHRM strategy at the time of our research. In terms of efficiency and local responsiveness the head office HR management believed that the HR philosophies and instruments developed in Frankfurt would work well in an international context. The written aim to diffuse elements of the German culture bore witness to this. Its clear orientation towards ethnocentrism was reflected in its moderately low communication and coordination activities that had a political dimension to it. A new programme to internationally integrate the needed competencies, training and development activities and career patterns of dual vocational trainees and other young bankers had been developed exclusively in the head office. The project team leader explained their international communication and coordination:
“We do not tell others about [Name of the Programme] – they would not like it. As soon as we have board approval we will roll out. Quick and powerful so that resistance does not have time to develop”.

This power-conscious approach to change implementation explained why there was so little coordination across borders – one victim being HR innovation originating from the international network of branches and subsidiaries.

Engineerco and Bigbank followed a *multidomestic IHRM* strategy. The desire to integrate HRM across borders hardly existed in Engineerco so that the firm did not emphasise communication or coordination. Thus, it had low standardisation and low knowledge networking (compare Figure 1). The only exception to this was when the company acquired another engineering firm in the United States. A so-called “crack team” went to America and worked with local management to create broadband pay structures thereby reducing the complexity and administrative effort. In Bigbank, the actual degree of standardisation and knowledge networking varied. Local managers explained that it depended on the size of the local operations, perceptions of managerial success and the institutional and cultural distance to Germany. Overall, the Spanish operations, amongst the biggest foreign banks, had moderately low standardisation and knowledge networking while the UK arm was slightly more integrated. Generally, there was a pragmatic approach to communication and coordination, for example creating integrated international management development for high potentials and middle management (Dickmann 1997). For these two multidomestic organisations it was less a question of power than an issue of lacking willingness to integrate and communicate across borders.
In our sample, a *transnational IHRM* strategy was pursued by Specialbank and Elektroco. Both wanted to standardise much of their international HRM, especially within training and development, career and performance management. The intensive communication and coordination of Specialbank was ‘by default’ relatively German-centred. Because the company was proud of its home-grown HR approaches they would be used as a blueprint to start discussions about design in foreign branches. Since many expatriates, including some HR specialists, were Germans there was a tendency to challenge some HR approaches less. For example, the HR director in London (British) stated that assessment centres were a “holy grail” and could not be altered. In other topics, such as training and development, local viewpoints could be integrated. A pattern emerged where social coordination helped to shape high communication intensity between German head office specialists, German HR managers in different countries and local HR executives of different nationalities. It resulted in high personal coordination and a high breadth and depth of HR topics covered. The difference to global IHRM was that knowledge networking was higher. As a result local ideas and interests would be reflected in its IHRM. Overall, Specialbank created a system that allowed parent combined with cross-cultural innovation.

Elektroco’s standardisation and knowledge networking displayed different patterns. The firm had created intensive communication mechanisms that relied not predominantly on people but also on systems. Local operations had the function of centres of excellence for local HRM while the head office retained its role of centre of excellence for German and worldwide HRM. Gathering local ideas and implementation experiences allowed continuous multidirectional communication while retaining core HR knowledge in Munich. Although its standardisation of HRM was slightly lower than in Specialbank, it had truly transnational knowledge networking that may support the creation of diverse ideas. HR communication
activity within the network of 190 countries was so intensive that a member of the supervisory board groaned

“If Elektroco knew what it knows”.

This points to complexity factors in transnational HRM that throws the implicit assumption of Bartlett and Ghoshal’s (1989) groundbreaking work that ‘more communication is better’ into doubt.

The configurations discussed so far very much resemble the basic categories for the multidomestic, global and transnational MNC first distinguished by Bartlett and Ghoshal in 1989. This is different with our final configuration, polydomestic IHRM. The sample firm that falls in this category is Chemico, which had moderately low standardisation and moderately high knowledge networking. Senior HR executives repeatedly pointed out that the firm’s aim was to become a ‘transnational’. This meant an attempt to integrate top management training in order to create a shared international corporate culture. Because the head office had realised that its foreign units increasingly accounted for higher levels of employment, sales, and profits Chemico attempted to increase the status and power of subsidiaries. The belief was that worldwide innovation would need an integrated network of powerful local subsidiaries that would contribute their ideas precisely because they were free to accept or reject recommendations. This resulted in a unique difficulty within the sample: while the head office wanted to integrate some HR policies and practices it did not have the necessary power to do so. A German HR manager explained that
“we would like to see the German dual vocational training introduced in those countries where we have significant operations”.

In fact, the UK operations had designed an own, shorter vocational training and the Spanish subsidiary had rejected the German apprenticeship outright although other German companies took part in such a programme both in Madrid and Barcelona. Chemico did not succeed in internationally standardising as much HR approaches as head office would have liked since it relied on either the joint development or the merits and persuasiveness of new ideas – while the conditions for innovation were largely established, international application was restricted.

The case of Chemico demonstrates that companies can and do pursue polydomestic IHRM that is characterised by relatively high knowledge networking and relatively low standardisation. However, this type has not, hitherto, been specified in the relevant literature and it would add new insights to Bartlett and Ghoshal’s (1989) influential work. At the same time the case may add to the communication and innovation literature. Hansen (2002) has outlined that having direct interunit relations can be harmful if the knowledge involved was easy to transmit (codified) as these relations involve maintenance cost. The Chemico case shows that additional costs of knowledge exchange may also be harmful if the power is distributed in a way that does not allow the implementation of potentially superior HRM approaches.
Summary and Conclusions

This paper has examined the IHRM of German MNCs through case study evidence. While confirming much of the conventional patterns the research has attempted to go beyond existing approaches. First, it extended the discussion of international MNC types beyond the traditional strategy and structure focus. In so doing, it developed and empirical examined a framework that concentrates on international HR policies and processes. This has the advantage that it assesses the degree of international integration of HR strategies and instruments while tracing communication and coordination activities. The framework avoids the current boundary confusion of the Bartlett and Ghoshal typology (c.f. Leong and Tan 1993:455ff) and allows for the possibility of a clearer empirical assessment.

Second, these ideas were applied to international human resource strategies, HR instruments and cross-national processes. German organisations are faced with tight institutional constraints which may give rise to similar domestic HRM policies and practices (c.f. Lane 1992; Hollingsworth and Boyer 1997; Whitley 2001). Moreover, there is a certain ‘Germaness’ of investment orientation and cooperative employee relations within IHRM (Dickmann 2003) which may indicate similar IHRM approaches. In the sample, training and development, performance management and career management were most highly integrated while recruitment and selection and rewards were regarded as essentially local. International communication and coordination varied in intensity, content, direction and mechanisms used – its patterns being constructed around ‘fit for purpose’ ideas. Because the international standardisation and knowledge networking activities differed, it emerged that highly diverse IHRM types could be identified among the sample firms. Thus, although the sample originated in a ‘coordinated market economy’ (Hall and Soskice 2001) and was analysed with
respect to EU countries which are under the influence of EU employment laws and policies
the organisations displayed strong signs of divergent IHRM approaches. It may be speculated
that this is reflected in MNCs which are headquartered in ‘looser’ national business systems.
There does not seem to be ‘one best way’ – which points to continued divergence.

Third, amongst the four IHRM types we identified a ‘polydomestic’ MNC that practiced high
knowledge networking yet low standardisation. This, counter intuitive, IHRM configuration
has been, hitherto, neglected in the literature. It does, however, pose interesting questions as to
the centre’s desire for coordination and the power distribution necessary to achieve this. For
more precise recommendations for organisational behaviour, we need to develop a more
insightful assessment of knowledge networking and its implication for the distribution of
power between head offices and subsidiaries (Gupta and Govindarajan 1991; Wolf 1997).

Fourth, and related, this paper has shown that increasing information flows is not a panacea
but may be detrimental. The Chemico case showed that without creating adequate power
relations knowledge networking can be costly without generating the desired degree of
coordination. Ferner et al (2004) described for US MNCs a range of factors, including local
negotiation practices, that led to the oscillation of IHRM between central control and
subsidiary autonomy. The formulation of a ‘transnational ideal’ within organisations is often
driven by the twin hopes for foreign innovation and for the establishment of mutually
acceptable, common standards. Management that favours innovation over coordination will
often give more autonomy to their foreign affiliates. This strengthens the negotiation positions
of local subsidiaries and may lead to companies perceived to be ‘stuck’ in polydomestic
management with the associated costs of knowledge networking while cross-border
innovation is low. Counter intuitively, relative to their own positions, polydomestic MNCs
may experience more diverse IHRM in their drive for increased coordination. In contrast, the cases of Elektroco and Specialbank indicated that where companies first concentrated on coordination and subsequently allowed more local autonomy it was possible to practice transnational IHRM. It may be speculated that successfully implementing transnational IHRM is path dependent. More research is needed to explore the implications in terms of power, costs, the role of HR and the longitudinal effects.

This research attempted to fill some of the gaps in our knowledge about international HRM processes in large, multinational corporations. The research design focusing on a small number of in-depth cases of major German companies each having substantial operations in the UK and Spain results in a number of limitations. Studies that concentrate on larger MNC samples derived from a broader range of countries and where subsidiary operations are analysed in different host locations can create a fuller picture of internal IHRM standardisation and knowledge networking and some of the benefits and stumbling blocks associated. Going beyond the traditional strategy and structure focus, they may be able to find more extreme positions in the IHRM framework or predominant country-of-origin patterns.

Much of the literature (e.g. Ferner 1994; Harzing 1999) suggests that US MNCs rely less on personal coordination mechanisms and more on formal, bureaucratic control mechanisms than German or many other nation’s corporations. This suggests that using the framework to analyse the IHRM of companies from other countries would be beneficial. Further, since the typology was developed generically, it may be applicable to other areas of management such as marketing. Research applying the isolated dimensions to other management functions is needed to validate whether the international framework is more generally applicable.
It is not merely the extent of knowledge networking and standardisation that determines the success of IHRM, it is the way specific areas are internationally co-ordinated and which issues become prominent that determine the sustainability of the chosen approach. Within a rapidly changing internal and external context it is likely that international HR strategies, structures, policies and practices will have to be kept under constant review. Ultimately, it is the quality of management judgement and the seamless interaction of managers in an international network of foreign affiliates and the head office that will determine the success of a company’s international HRM.
References:


Figure 1: The IHRM Classification of the Sample Companies

<table>
<thead>
<tr>
<th>Standardisation</th>
<th>Global HRM</th>
<th>Transnational HRM</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Eurobank</td>
<td>Specialbank</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Elektroco</td>
</tr>
<tr>
<td>Low</td>
<td>Multidomestic HRM</td>
<td>Bigbank</td>
</tr>
<tr>
<td></td>
<td>Engineerco</td>
<td>Chemico</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Polydomestic HRM</td>
</tr>
</tbody>
</table>

Knowledge Networking
### Table 1: Overview of Case Companies

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
<th>Countries of Operation</th>
<th>Year of Foundation</th>
<th>Employees world-wide</th>
<th>Employees in the UK</th>
<th>Employees in Spain</th>
<th>Research Interviews in Companies**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bigbank</td>
<td>Banking</td>
<td>Over 50 (group)</td>
<td>1870</td>
<td>Over 50.000</td>
<td>About 3.000</td>
<td>About 2.500</td>
<td>17</td>
</tr>
<tr>
<td>Specialbank</td>
<td>Banking</td>
<td>16</td>
<td>1835</td>
<td>Over 15.000</td>
<td>About 200</td>
<td>About 50 (joint venture)</td>
<td>20</td>
</tr>
<tr>
<td>Eurobank</td>
<td>Banking</td>
<td>34</td>
<td>1870</td>
<td>Over 25.000</td>
<td>About 350</td>
<td>About 120</td>
<td>15</td>
</tr>
<tr>
<td>Elektroco</td>
<td>Engineering</td>
<td>About 190</td>
<td>1847</td>
<td>Over 350.000</td>
<td>About 10,000</td>
<td>About 2.500</td>
<td>14</td>
</tr>
<tr>
<td>Engineerco *</td>
<td>Engineering</td>
<td>16</td>
<td>1819</td>
<td>Over 15.000</td>
<td>About 200</td>
<td>About 250</td>
<td>11</td>
</tr>
<tr>
<td>Chemico</td>
<td>Chemicals</td>
<td>55</td>
<td>1876</td>
<td>Over 40.000</td>
<td>About 600</td>
<td>About 2.000</td>
<td>12</td>
</tr>
</tbody>
</table>

Source: Company Reports 1999 (for 1998), internal data, interview statements

* Division of a large industrial conglomerate

** 9 additional interviews were conducted with trade union experts, employer federation specialists and academics in Germany, Britain and Spain
### Table 2: Categorisation of IHRM Standardisation and Knowledge Networking

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Areas</th>
<th>Low</th>
<th>Moderately low</th>
<th>Moderately high</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Standardisation: General Principles and Objectives</strong></td>
<td>Espoused standardisation</td>
<td>No international HR standardisation espoused</td>
<td>Few international HR principles exist</td>
<td>Some international principles and objectives exist</td>
<td>Many international principles and objectives exist</td>
</tr>
<tr>
<td></td>
<td>Recruitment &amp; Selection, Training &amp; Development, Career Mgt, Performance Mgt, Rewards</td>
<td>No international HR standardisation in instrument / target group</td>
<td>Little international HR standardisation (e.g. coaching for top mgm)</td>
<td>Some international HR standardisation (e.g. all management training for all managers)</td>
<td>Extensive international HR standardisation (e.g. int’l integrated training for all staff)</td>
</tr>
<tr>
<td><strong>Knowledge Networking: Coordination</strong></td>
<td>IHRM Planning</td>
<td>No international HR planning</td>
<td>Costs / overall HR budget planning</td>
<td>+ Some HR sub-category planning for segment(s) of staff</td>
<td>+ General HR sub-category planning for the whole workforce</td>
</tr>
<tr>
<td></td>
<td>IHRM Reporting</td>
<td>no international HR reporting</td>
<td>costs / reporting of general HR figures</td>
<td>+ some HR sub-category reporting</td>
<td>+ reporting for all HR sub-categories</td>
</tr>
<tr>
<td></td>
<td>International Management Seminars</td>
<td>few or none, strong general management skills content</td>
<td>some or many, general management skill contents</td>
<td>some or many, some international company-specific contents</td>
<td>many, many international company - specific contents</td>
</tr>
<tr>
<td></td>
<td>Expatriates</td>
<td>local MD, few expatriates on level II, predominant learning role</td>
<td>some expatriates - predominantly in lower hierarchy with learning role</td>
<td>some expatriates but in strategic control positions (e.g. finance)</td>
<td>German MD, many expatriates on level II, control role and skills transfer</td>
</tr>
<tr>
<td></td>
<td>HR “Line Manager” in Head Office</td>
<td>either local line manager or little involvement of head office manager</td>
<td>intensive, formal involvement of head office superior</td>
<td>“informal” involvement for ideas exchange, some reporting</td>
<td>intensive, semi-formal involvement</td>
</tr>
<tr>
<td><strong>Knowledge Networking: Communication</strong></td>
<td>Intensity</td>
<td>(mostly) only GM meetings, formal and written</td>
<td>+ infrequent international HR visits (normally head of personnel)</td>
<td>+ HR head forums and frequent informal contact</td>
<td>+ HR specialist forums, intl. project groups, frequent visits</td>
</tr>
<tr>
<td></td>
<td>Direction</td>
<td>little international HR knowledge flows in any direction</td>
<td>(predominantly) bi-national knowledge flows</td>
<td>regional and bi-national knowledge flows</td>
<td>often world-wide net-worked HR communication</td>
</tr>
<tr>
<td></td>
<td>Contents</td>
<td>main results</td>
<td>+ IHR strategy</td>
<td>+ objectives and more results, some ideas (derived from HQ mostly)</td>
<td>+ more (multilateral) ideas / HR processes, joint implementation</td>
</tr>
</tbody>
</table>
An advantage of the term ‘standardisation’ is that the focus of analysis is shifted from the corporate centre to a ‘meta-perspective’ looking at intra-company networks. Standardisation can include various degrees of unitary integration around HQ standards as well as different extents of cross-national joint co-ordination of strategy and structure within people management.

The term ‘knowledge networking’ was chosen to reflect the increasing relative size and influence of local affiliates in many companies. Akin to the emergence of ‘pockets’ of expertise in regions around the world it reflects the in-depth understanding of the HR implications of the local business system and organisational culture indigenous HR experts are likely to possess. Moreover, it indicates the contribution foreign subsidiaries can make to the IHRM of the whole organisation especially if their host country or the individual HR managers are seen as innovative and sophisticated.

Since the time of the research Engineerco was acquired by a foreign MNC.