D/ DETAILED OUTLINE

I. Introduction (Suggested 150 words)

Suggested Flow:

- First sentence: Understand the Global Landscape

  Hints:

  - Start with the increasing momentum of globalization and its implications in multinational corporations (MNCs)

    → How businesses can operate more effectively while maintaining a competitive advantage in the global market
- Another sentence: Stating the critical role of HR in international strategies and management roles globally
- 2-3 next sentences: Define International Human Resources Management (IHRM)

  Hints:

  - Globalization → Stating the critical role of HR in international strategies and management roles globally

    → Introducing IHRM

    + Definition
    + Importance
    + Challenges

  Example: In the context of globalization, the role of Human Resources (HR) has evolved to become a critical component in shaping international strategies and managing roles on a global scale (Stahl, Miller, & Tung, 2002). As businesses expand across borders, the need for effective management of diverse workforces and aligning HR practices with international objectives becomes paramount. This encompasses the imperative to attract, develop, and retain highly talented individuals who can lead international operations and effectively implement growth strategies. Nankervis et al. (2012) add a different perspective by underscoring the challenges associated with transferring Western management strategies and systems to non-Western and emerging country contexts.

- 2-3 next sentences: Provide about the paper's objective:
  - Aims to compare [One key IHRM frameworks, models, or theories] and [Another key IHRM frameworks, models, or theories], and briefs through their impacts.
  - It also intends to explore the influence of cultural/institutional distance on international staffing in MNEs.

II.Question 1

Tips: For the limited word count of the assessment, you should **only pick 2 theories (MENTIONED IN PART D - TIPS AND TRICKS)** to provide detailed analysis on. For your selection criteria, you could consider the following aspects:

- **Structural vs. Ethical Approaches:**
  - For example: Compare Morgan's Model (structural framework focusing on employee types and national categories) with the Social Responsible IHRM Model (emphasizing ethical considerations and CSR) to explore the alignment or conflict between structural HR management and ethical practices.
- **Strategic Alignment vs. Cultural Sensitivity:**
  - Contrast the Strategic IHRM Framework (Dowling et al., 2017), which is strategy-focused, with the Generic IHRM Model (Shen, 2005), which emphasizes cultural sensitivity, to understand how strategic HR objectives are influenced by cultural and institutional factors.
- **Convergence vs. Divergence:**
  - Examine the Dominance Effect (Pudelko & Harzing, 2007), suggesting a global convergence towards U.S. practices, against Morgan's Model, to highlight the tension between standardization and customization in HR practices across different national contexts.
- **Home-Centric vs. Host-Centric Perspectives:**
  - Analyze how theories like the Dominance Effect, which implies a home-centric approach, contrast with models like the Generic IHRM Model that suggest a balance between home and host country practices.
- **Global Integration vs. Local Responsiveness:**
  - Choose theories that demonstrate the spectrum between global integration (standardized practices across subsidiaries) and local responsiveness (tailored practices to local contexts).

1. Concept Analysis (Suggested 500 words)

For each part of each theory, we have the suggested flow: (Suggested 250 words/part)

- 1-2 first sentences: Introduce the definitions of the concept you picked as a tool for MNEs to confront international challenges and meet global strategic needs.
  Example: Since strategic HRM activities directly impact the attainment of MNEs' international concerns and goals, Schuler et al. (1993) presented SIHRM to confront global strategic needs by tackling dual requirements for interunit linkages and local operations effectiveness.
- 2-3 next sentences: Explain the applications and effects of the concept
- 2-3 next sentences: You should elaborate on the factors influencing the management of human resources in MNEs, including both exogenous and endogenous elements.
  Example: Besides, exogenous and endogenous factors impinge upon MNE's management of its human resources and attempt for local responsiveness, global adaptability, coordination, and control (Egelhoff 1988). SIHRM functions are associated with how MNEs position and manage human resources by allocating time,

endeavor, and financial resources, however, still vary across different locations (Schuler et al. 1993). Meanwhile, SIHRM policies and practices entail the establishment of generic protocols for employee management and practice development, most pertinent to MNEs' strategic needs (Dowling and Schuler 1990).

- 2-3 last sentences: Discuss real cases or examples of its application at other organizations or other countries
- 2-3 last sentences: Discuss the limitations of adopting the chosen concept, like talking about the difficulty of implementing due to differences in national contexts.

Taking the aforementioned format above to analyze course theories, below are some recommended angles you could take into consideration for further analysis:

- Application and Effectiveness:
  - Discuss how the theory is applied in real-world situations → How the theory can inform policy-making, strategic decisions, or operational processes.
  - Evaluate its effectiveness in addressing the issues it is designed to solve.
  - Provide examples or case studies where applicable.

    Example: Applying socially responsible IHRM necessitates accommodating the diverse management and cultural practices of different countries, which can be particularly complex for managing migrant workers and when MNCs from developed countries operate in emerging markets.

- Strengths of the Theory:
  - Identify the advantages and strengths of the theory.
  - Explain how it addresses specific needs or problems in its field.
- Limitations and Criticisms:
  - Acknowledge any limitations or criticisms of the theory.
  - Discuss any gaps or issues that have been identified by scholars or in practice.

    Example: SIHRM framework has been critiqued for focusing primarily on organizational levels, potentially overlooking concerns of various parties including employees, customers, industry, and community.

=> **Tips**:

- Add figures/charts to make your arguments more appealing and easier to visualize

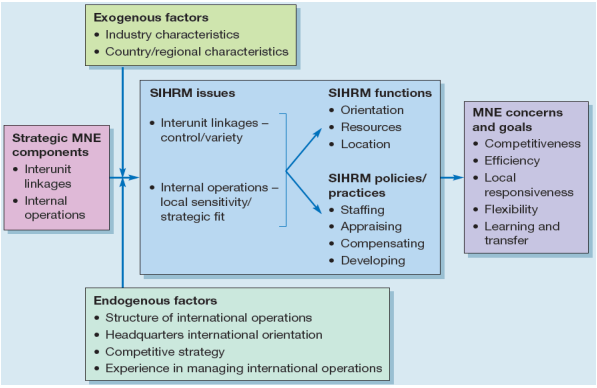

Figure 1: *Strategic IHRM model (Schuler 1993)*

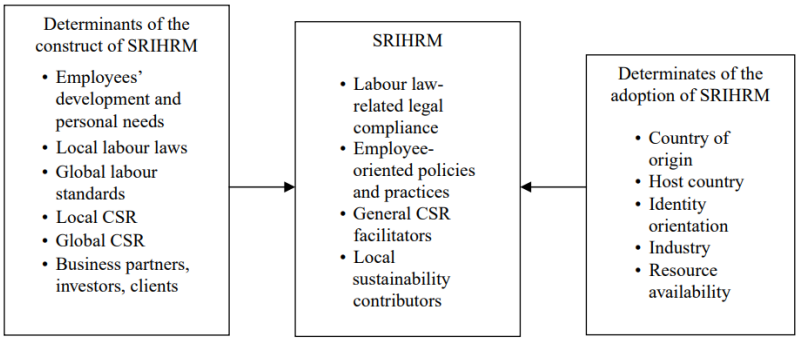

Figure 2: *Socially responsible IHRM model (Shen 2011)*

2. <u>Comparing the given concepts/theories (Suggested 250 words)</u>

Suggested flow:

Introduction to Models as Solutions

- 1-2 first sentences: You should begin the comparison by acknowledging both models as potential solutions for corporations facing global changes or strategic pressures in employee management.
- 2-3 next sentences: You should highlight how both models recognize the profitability of HR practices in various operational contexts and contribute to constructing the "best-fit" IHRM system.

Comparison

- 4-5 next sentences: You should look on the contrasting features of the given concepts based on the following angles:
    - Highlight differences in how the HRM models approach the balance between local responsiveness and global integration.
    - Examine whether the HRM models have a stronger focus on employee well-being, rights, and development or business objectives, efficiency, and profitability.

- Identify models that may exhibit more rigid structures and practices that are less adaptable to dynamic circumstances.

Example:

1. Local Responsiveness vs. Global Integration:
   Models like the Generic IHRM framework (Chung et al., 2014) emphasize adapting HR strategies to local cultures, while others like the Social Responsibility IHRM model (Briscoe, Schuler & Tarique, 2012) advocate for a unified, global HR approach across all subsidiaries.
2. Focus on Employee Well-being vs. Business Objectives:
   Some HRM models prioritize employee well-being, rights, and development, aligning with societal values and sustainable practices. In contrast, strategic IHRM models are more focused on business objectives, efficiency, and profitability (Schuler et al., 1993).
3. Rigidity vs. Adaptability in Structures and Practices:
   Certain models, such as the ethnocentric approach used by companies like Huawei (Shen, 2004; Zhu, 2016), exhibit more rigid and centralized practices. Other models offer a blend of global standards and local adaptations, allowing for greater adaptability to changing conditions

III. Question 2

1. Cultural Distance (CD) (Suggested 300 words)

Suggested flow:

Definition of Cultural Distance ()

- **1-2 first sentences:** Define CD as the gap between different cultural values, traditions, languages, and social behaviors that affect international business operations and knowledge transfer.

Impact on Subsidiary Performance ()

- **2-3 next sentences:**
  - Explore how cultural differences affect subsidiary success, where expatriates can either help or hinder performance **BASED ON THEIR ABILITY** to navigate cultural gaps.
  - Assess how expatriates transfer knowledge from headquarters to subsidiaries across diverse cultures.

Example: The relevance of considering subsidiary performance to better explain the relationship between expatriate staffing and CD will be shown. Increasing use of expatriates could result in greater or lower subsidiary performance. Expatriate assignment is considered as a crucial mechanism to expand knowledge flows from HQ to the subsidiary that relates to different cultures and recognizes their social connections (Chang et al. 2012, Berry 2015).

Challenges Posed by Cultural Distance (3-4 sentences)

- Interpersonal friction due to cultural misunderstandings.

Example: Cultural differences could lead to interpersonal friction that arises from misunderstandings and information asymmetry (Bingley 2021).

- Perceived inequalities in compensation and opportunities.

  Example: Additionally, host nationals may perceive unequal compensation packages (Toh and DeNisi 2003) and promotional opportunities compared to expatriates occupying crucial roles in the host national subsidiary.

- Provide examples of performance differences in subsidiaries with varying levels of CD.

  Example: For example, Richards (2001) reported that locally managed subsidiaries in Thailand outperform expatriate-run ones due to the greater CD between the US and Thailand compared to the UK and US.

Management Strategies and CD (3-4 sentences)

- Explanation of the ethnocentric approach in staffing and how it was not widely adopted by international companies, with data/trends if any

  Example: The ethnocentric approach is also adopted less as a staffing policy by international companies (Harzing, 2001). Companies like Sony and Samsung have historically used this approach for critical positions, ensuring operational consistency and cultural alignment with headquarters. However, this method can limit local knowledge transfer and career growth opportunities for host-country nationals, impacting the firm's local market understanding and potentially hindering its global integration efforts (Whitehead, 2015).

2. Institutional Distance (ID) (Suggested 300 words)

Suggested flow:

Definition of Institutional Distance (1-2 sentences)

- Define ID as the differences in regulatory, cognitive, and normative environments between the home and host countries of MNEs.

  Example: ID refers to the difference between the regulatory, cognitive, and normative environments among the home and host countries of MNEs. It influences the comparative inducement of country markets, tradeoffs among foreign entry strategies, subsidiary management, and business performance (Bae and Salomon 2010).

- **Dual impact on staffing decisions (2-3 sentences)**

  Challenges in establishing legitimacy and control in foreign subsidiaries.

  - Difficulty in monitoring and interpreting actions due to ambiguity and unfamiliarity.
  - If possible, add a brief comparison with the previous concept of ID to provide cohesion

  Example: Similar to CD, ID negatively and positively correlates with staffing decisions of MNEs. Host countries experiencing great ID struggle to establish legitimacy and control foreign subsidiaries as they are compelled to accommodate

local regulations, norms and cognition (Ando and Paik 2013). Simultaneously, ambiguity and unfamiliarity resulting from ID, plus with information asymmetry impede MNCs from monitoring performances and interpreting actions of foreign subsidiaries (Gong 2003).

- 5-6 next sentences: Discuss the use of PCNs in High ID Environments
  - **Positive Aspects** of Sending PCNs to High ID Countries:
    - PCNs help maintain compliance with home country standards, ensuring consistent practices across international subsidiaries.
    - They facilitate communication and reduce information asymmetry between the parent company and foreign subsidiary due to social ties and shared presumptions (Björkman et al. 2004).
    - PCNs are crucial in transferring knowledge, leveraging their understanding of the company's processes and values.
  - **Challenges** of Using PCNs in High ID Environments:
    - Adaptation difficulties due to cultural, legal, and operational differences in high ID countries can impact their effectiveness.
    - Deployment of PCNs often incurs higher costs including relocation and training.
    - Knowledge transfer challenges are significant due to inconsistencies with the host country's institutions (Brouthers et al., 2008).
- 2-3 next sentences: Summarize how ID affects MNC staffing decisions, particularly the balance between local and home country staff.

  Example: MNC operating in unfamiliar environments demand more legitimacy, control, coordination and knowledge sharing. Therefore, when ID between the host and home countries increases, MNCs decrease the PCN ratio to overcome a lack of legitimacy. Meanwhile, strengthening coordination and knowledge transfer can be achieved successfully by transferring more PCNs to the workforce in the subsidiary for improved alignment with the parent country.

  Hints:

  For this part, you should focus the situation for several angles as follow:

  1. **Strategic Staffing Approaches:** Analyze the benefits of increasing host country nationals (HCNs) versus parent country nationals (PCNs) in managing local legitimacy and knowledge mobilization.
  2. **Knowledge Transfer and Management Control:** Consider how MNCs overcome knowledge transfer difficulties and maintain management control over foreign subsidiaries when dealing with high ID.
  3. **Localization vs. Use of Expatriates:** Explore the trade-offs between localizing the workforce and utilizing expatriates to bridge the institutional gaps, particularly in terms of managerial skills, strategic goals, and practices.

IV.Conclusion (Suggested 100 words)

Suggested flow:

- 1-2 first sentences: Summary of how CD and ID influence MNCs' international staffing approaches.

- 3-4 next sentences: Final thoughts on the balance between using PCNs and HCNs based on cultural and institutional distances.

Example: In summary, this paper firstly focuses on [CONCEPT 1] and [CONCEPT 2] models through detailed analysis and comparison of pros and cons, similarities and differences. Both have many implications for HR practitioners to seek strategic IHRM approaches to operate in the domestic and international environment. Next, the essay sheds light on the relationship between the cultural/institutional distance and expatriate staffing which may vary depending on the MNCs' strategic goals and the cultural context of the host country.

Tips: The conclusion should summarize all your main points but still be kept simple, and clear and involve your personal thoughts on the impacts of IHRM application in general

D/ TIPS & TRICKS

Choosing the right key IHRM theory

- Disclaimer: This is a part of **EXTENSIVE** knowledge suggestion. Feel free to extract information from this section for your article.
- In order to define key IHRM frameworks, models, or theories; here are some suggested theories you could take into consideration:

1. **Morgan's model** presents a three-dimensional framework for understanding the global landscape of Human Resource Management (HRM). The main ideas of this model, as discussed by Dowling in 1999, are
    - **HRM Dimensions**: The model articulates the interconnection of three critical HRM dimensions on a global scale. These dimensions encompass HR activities, geographical regions, and categories of employees.
    - **Core HR Activities:** The first dimension of Morgan's model focuses on essential HR functions such as the acquisition, allocation, and utilization of human resources.
    - **Geographical Classification:** The second dimension addresses geographical dislocation and categorization, pinpointing the operational centers and branches across the nations in which they operate. This includes categorizing operations into Home, Host, and Third countries.
    - **Employee Categories:** The third dimension of the model identifies different parties of workers within IHRM, highlighting the international gathering of individuals from diverse backgrounds who contribute their skills to foster company growth.
    - **Types of Employees:** According to Dowling, the model classifies employees into three groups: Host-country nationals (HCNs), Parent-country nationals

(PCNs), and Third-country nationals (TCNs), each bringing unique capabilities and perspectives to the international HRM table.

Reference: Dowling, P, J 1999, 'Completing the Puzzle: Issues in the Development of the Field ofInternational Human Resource Management', Management International Review, pp. 27–44, viewed 1 April 2022, <https://link.springer.com/chapter/10.1007/978-3-322-90993-0_4>

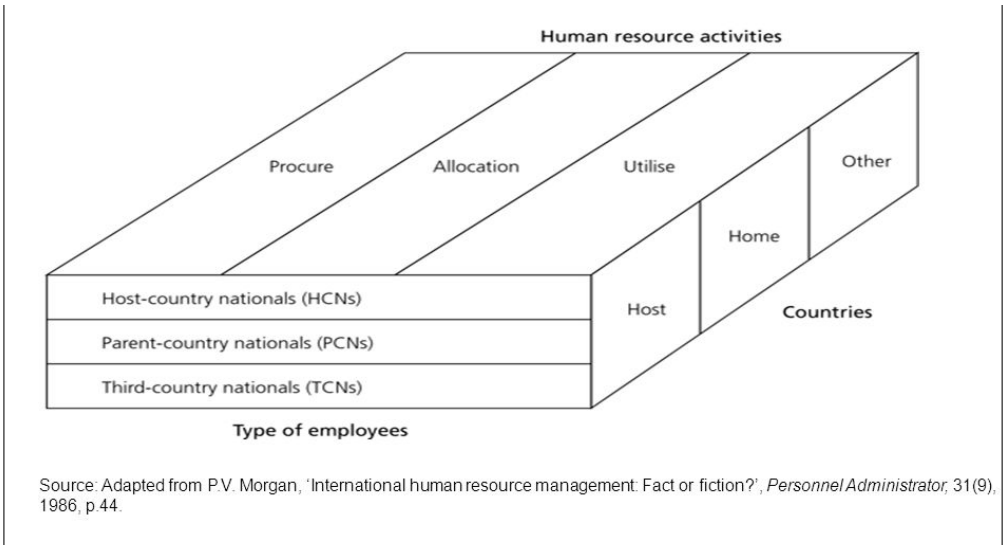

***Figure 1**: Morgan's model of international human resource management*

2. A Framework of Strategic HRM

The report by (Schuler, 2016) presents a framework for Strategic International Human Resource Management (SIHRM) in multinational enterprises (MNEs), focusing on key elements:

- **Strategic Components**: Involves managing different units across countries and ensuring they work well together (interunit linkages) and function effectively within their local environments (internal operations).
- **SIHRM Issues**: Balances the need for differentiation (unique practices in different units) and integration (consistent practices across units) within the MNE, a process facilitated by human resource management activities.
- **SIHRM Functions**:
  - Human resource orientation
  - The resources (time, energy, and finances)
  - Location of these resources

    → Decisions of MNEs to manage their human resources, ranging from independent management by local units to centralized management by headquarters.

- **Influencing Factors**: Considers both external factors like industry and country characteristics, and internal factors like the structure of international operations and the MNE's strategy.

- **MNE Goals**: Identifies key goals such as global competitiveness, efficiency, local responsiveness, flexibility, and learning and knowledge transfer across units.

=> This framework emphasizes the need for MNEs to strategically align their HR practices with both global standards and local requirements.

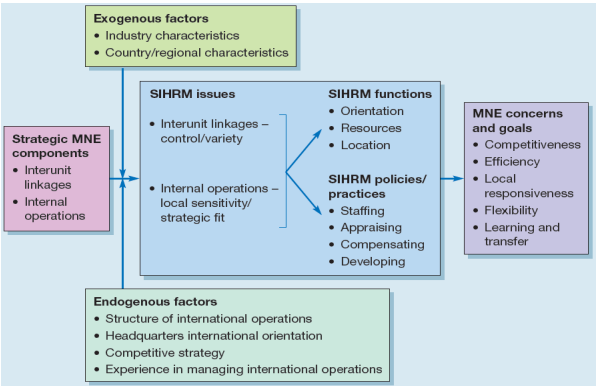

Figure 2: *Strategic IHRM model (Schuler 1993)*

3. **Generic IHRM Model (Shen, 2005):**
   This model indicates that an MNE's IHRM policies and practices are the interaction of the home HRM system, firm-specific factors, and host-contextual factors. The firm-specific and host-contextual factors have a differentiated, changing, and concurrent impact on IHRM policies and practices. There is also the interplay between IHRM policies and practices (Shen, 2014)
   - **Interplay of Influencing Factors:**
     - Home HRM System: Discuss how the practices and policies of the MNE's home country influence IHRM.
     - Firm-Specific Factors: Explain the unique characteristics of the firm, such as its size, industry, and corporate culture, and how they shape IHRM policies.
     - Host-Contextual Factors: Outline the impact of the host country's cultural, legal, and economic environment on IHRM strategies.
   - **Dynamics of IHRM Policies and Practices:**
     - Interaction Among Factors: Analyze how the interplay between home, firm-specific, and host-contextual factors creates a dynamic IHRM environment.
     - Differentiation and Change: Explore how these factors lead to differentiated and evolving IHRM policies and practices.

   => Reference: Shen, J. (2005). "Towards a Generic International Human Resource Management (IHRM) Model". <https://www.tandfonline.com/doi/abs/10.1386/jots.2.2.83/1>

4. **Social Responsible IHRM Model (Shen, 2016)**:
   "A practical action of HRM divisions adopted by organizations in achieving the successful implementation of corporate social responsibility (CSR)" (Shen and Benson, 2016)

- Integration of HRM and CSR:
  - Role of HRM in CSR: Discuss how HRM divisions contribute to the successful implementation of CSR in organizations.
  - Strategies: Outline specific HR strategies and practices that facilitate CSR initiatives.
- Key Components of the Model:
  - Employee Involvement: Explore how employee participation is encouraged and managed in CSR activities.
  - Ethical Practices: Analyze the role of ethical HR practices in promoting a socially responsible corporate culture.

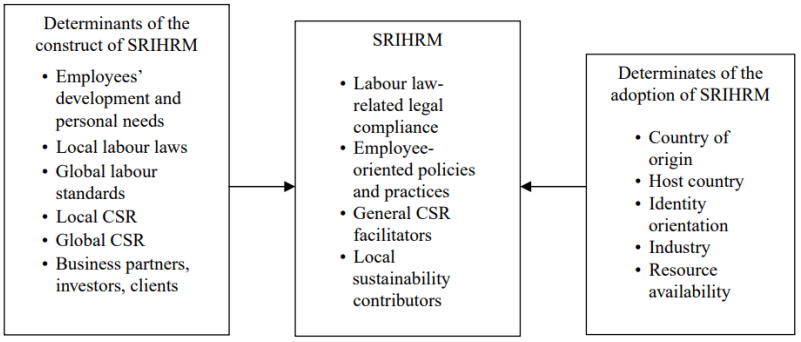

Figure 3: *Socially responsible IHRM model (Shen 2011)*

5. **Dominance Effect (Pudelko & Harzing, 2007):**
   This effect suggests that subsidiary practices tend to converge to dominant U.S. practices, leading to the conclusion that there is convergence to a worldwide best practices model in HRM (Pudelko and Anne-Wil Harzing, 2007)
   - **Concept of Convergence in IHRM:**
     - Description of Convergence: Explain the concept of convergence in HRM practices, especially in relation to multinational enterprises (MNEs).
     - Role of U.S. Practices: Detail how U.S. practices serve as a dominant model, influencing HRM practices globally.
   - **Mechanisms of the Dominance Effect:**
     - Factors Leading to Convergence: Identify and discuss the factors that contribute to the convergence of subsidiary practices to U.S. models.
     - Impact on Subsidiary Practices: Analyze how this convergence affects the HRM practices in subsidiaries of MNEs.

E/ REFERENCES

Some reliable sources and additional references you can explore:

A, Reliable Sources:

+ *"Cultural distance and subsidiary roles in knowledge transfer in MNCs in China" by Qin, C., Ramburuth, P., and Wang, Y. (2008). This paper discusses the impact of cultural distance on knowledge transfer within MNCs, particularly in the context of China. It can provide insights into how cultural differences affect staffing strategies and the role of subsidiaries in knowledge transfer.*

B, Searching Prompts

Search Prompts for Google Scholar, JSTOR, and ProQuest:

+ "Impact of cultural distance on multinational companies staffing"
+ "Institutional distance and international human resource management"
+ "Expatriate management in high institutional distance environments"
+ "International human resource management theories and practices"
+ "Role of expatriates in bridging cultural and institutional distances in MNCs"
+ "Comparative analysis of IHRM models and frameworks"
+ "Challenges of cross-cultural management in multinational corporations"
+ "Strategic international HRM and global staffing strategies"
+ "Influence of institutional and cultural distance on MNE subsidiary performance"
+ "Ethnocentric, polycentric, and geocentric approaches in IHRM"

=> Using these prompts in academic databases will help you find a variety of articles and papers that discuss the complexities of international human resource management, the challenges posed by cultural and institutional distances, and the strategic approaches used by MNCs in their staffing and management practices.