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INTERNATIONAL HUMAN RESOURCE MANAGEMENT PRACTICES FOR SWEDISH COMPANIES IN CALIFORNIA

An extension of the multinational Best IHRM Practices Project

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ABSTRACT

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Title: International human resource management practices for Swedish companies in California – An extension of the multinational Best IHRM practices project

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Background: Globalization has contributed to that most companies today are competing on an international market, which has increased the emphasis on international human resource management. Due to the shortage of empirical studies on international human resource management practices the multinational "Best International Human Resource Management Practices Project" was conducted and partially assessed in 2002. The results called for replications and extensions due to broad approach and the magnitude of the study.

Purpose: The purpose of the thesis is to examine and describe the international human resource management practices in Swedish born global subsidiaries based in the California and to contribute with information on development possibilities for these organizations.

Method: A qualitative study with an exploratory character that was conducted by interviewing the human resource practitioners at three Swedish born global subsidiaries in California.

Result: The international human resource management practices in Swedish born global subsidiaries based in California are inefficient, decided upon in a randomly manner and they are not clearly integrated into the business strategy. The results of the study show that it is extremely important for born global companies from an IHRM stand point to focus on having a clear and defined IHRM strategy from the start in order to avoid much of the complications that might arise later on, to make the merger into an international market as smooth as possible, to develop as organizations and to gain a greater competitive advantage. Swedish born global companies that are planning to establish a subsidiary in California should hire or consult with a specialist in international human resource management, decide on the language to be used from the start and make sure that all documents and manuals are written in this language and give the expatriates cross-cultural competence and extensive training in international human resource management with an emphasis on the importance of it in increasing the organizations chances of survival in the area.

Key words: International human resource management, Best international human resource management practices project, Born global companies

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INTRODUCTION

As a result of a number of economic, political, social and technological changes around the world, that have lead to new demands on organizations in order to get or maintain a competitive advantage, there has been an increased emphasis on human resource management in the last decade. Human resource management (HRM) is a distinctive approach to employment management, which considers the human resources or employees as the organizations most important single asset. HRM was developed in the early 1980s in the US as a possible tool for organizations to achieve competitive advantage, cost-efficiency and survival in the constantly changing world of business today. (Syrén, 1998)

Globalization has contributed to that most companies today are competing on an international market, which has altered the way that HRM is implemented in international organizations. International human resource management (IHRM) has historically focused on the management of expatriates but the focus has expanded and there is an increased focus on international companies and on the human resource issues, functions, policies and practices that result from the strategic activities of these companies that impact on their international goals and concerns. (Paauwe & Dewe, 1999, Kidger, 2002)

There are a number of different theories on how international human resource management should be implemented in international organizations' foreign subsidiaries in order to achieve an efficient and prosperous organization that is able to withstand the competitive international climate. Numerous factors such as the age and size of the organization, available capital, the parent country culture, nature of the business etc influence the choice and implementation of the international human resource management practices. By studying the international human resource management practices of international companies' foreign subsidiaries and the factors that have influenced them, one should be able to find vital information that can contribute with knowledge on development possibilities for these organizations. There are however hardly any multinational empirical studies in the field of international human resource management.

In 1990 a group of American researchers decided to do something about the lack of empirical research on international human resource practices. The existing material before their endeavor was mostly on a micro-level and it focused on practices within countries and did not claim to be generalizable across countries. Their effort resulted in the "Best International Human Resource Management Practices Project" that was a systematic empirical large scale multinational research project assessing HRM practices in conjunction with cross-cultural and international HRM variables conducted by a consortium of international scholars. (Geringer, Franyne & Milliman, 2002)

I have decided to conduct a study on international Swedish companies' foreign subsidiaries in California with the intention to come by information that can lead to organizational development in these organizations by utilizing the available human resources competently and implementing efficient human resource practices. One

special feature about the studied companies is that they are all so-called born global companies. This feature did undoubtedly sway the outcome of the study. The born global phenomenon is rather new and it entails that these companies have not followed the traditional pattern of internationalization and that they have rather aimed for an international or a global market from their birth. The companies have engaged in significant international activity a short time after being established. The born global phenomenon is enabled by both technological development and increased internationalization of the world economy, which results in companies internationalizing more quickly and in other markets than traditional internationalization theories predict (Madsen & Servais, 1997, Moen, 2002, Rennie, 1993). Most internationalization theories have their roots in industrial organizations and they were developed in the 1970s and 1980s when American multinationals started to invest in Europe and European companies started to export, mainly to neighboring countries. Most of these traditional theories of internationalization are obsolete today because of environmental changes such as changes in the global economy, rapid growth of service economy and high-tech markets and the Internet. (Axinn & Matthysens, 2001)

More than half of the companies established since 1990 could be classified as born globals, international new ventures, instant internationals or global start-ups, which indicates that the phenomenon includes the majority of the newly established exporting firms and not just a few selected ones. The born globals are similar to “old” exporting firms on factors such as global orientation, export strategy, competitive advantage and market situation. The managers of born global companies nevertheless face numerous challenges other than those that are evident in all new firms such as developing technology and products, establishing production and recruiting employees. The born globals lack a market position at home and often face an unattractive home market development since they have to use their resources to build a position in foreign markets and for the establishment of a distribution system (Moen, 2002).

This thesis is an exploratory endeavor but at the same time a small continuation of the Best International Human Resource Management Practices Project and the purpose with this thesis is to research the advancement and improvement possibilities for international human resource management practices that Swedish born global subsidiaries based in California have incorporated in their organizations. It is essential for international companies to find a good balance between global integration and local responsiveness. The thesis will hopefully give an insight to eventual organizational practices that could be developed to increase the chances of designing and implementing effective HRM practices in these organizations. The results of the study will hopefully help Swedish HRM practitioners based in California to move beyond just being aware of the differences between the nations and HRM practices and eventually understand why they exist and with that knowledge develop, design and implement practices that will be more effective than the current ones.

The outline of the thesis

The thesis is divided into four chapters, literature review and purpose, methodology, results and discussion. The first chapter, literature review and purpose, presents the background, theoretical base and purpose for the empirical study. This chapter starts with a presentation of how the literature search was conducted and the makeup and quality of the literature that is featured in the chapter. The literature that was used consisted mainly of journals and articles due to the actuality of the area of research. The last part of the chapter is a detailed presentation of the purpose of the study and subsequent research questions.

The second chapter, methodology, presents the research approach and strategy and data collection. A qualitative research approach with an inductive research strategy is used and the data is collected by interviewing the human resource practitioners at three Swedish born global subsidiaries in California. The chapter presents the various factors that have influenced the study and how these have been controlled and accounted for through the research process.

The third chapter consists of a presentation of the empirical findings from the study and it has a descriptive nature. The final and fourth chapter ends with the conclusions that can be drawn from the empirical study and also presents suggestions for further research. Chapter three is, as mentioned before, descriptive while the fourth chapter connects the results to the theoretical framework and it is more interpretive and analytic.

1. LITERATURE REVIEW AND PURPOSE

This chapter starts out with a brief presentation of how the literature search was conducted. It then presents the theoretical background to the empirical study to show how the empirical study fits in the present field of international human resource management. An explicit presentation of the Best International Human Resource Management Practices Project and the results from it follow since the project came to be the foundation of my own empirical study. The chapter ends with a specification of the purpose of the study, research questions and limitations of the study.

1.1 Literature search

Given that I am using an exploratory research method for my study I commenced my thesis by developing a theoretical base in the subject by performing a literature review. The literature review is the basis of my study and the main purpose of doing it was to provide the reader and myself with the overall framework, to give the reader an idea of how my study fits in in the “big picture” and to find out what has already been thought of or researched in order not to duplicate a study that has already been done, to research a trivial problem or to repeat others’ mistakes. (Merriam, 1998) Instead I hope to make a contribution to the existing knowledge base.

I started out by searching for literature in databases like LIBRIS (a joint catalogue for 200 of Sweden’s college and university libraries) and LOVISA (a catalogue for the libraries at Lund University) using search codes such as Qbf (personnel administration), Qba (organizations and management) and Qb (business administration) and search or key words such as international human resource management, personnel selection in multinational companies etc, but I soon realized that most of the literature available in the area of international human resource management has a very short lifespan since it is such a dynamic area at the moment. Considering that there is a lot happening in the field of international human resource management I chose to primarily use journals and articles in order to get the most recent ideas in the area. I retrieved the journals that I used in the literature review from the database called ELIN (Electronic Library Information Navigator) at Lund University, which is a database for a variety of articles in different subjects. I also found some e-journals at the Anderson’s School of Management at University of California at Los Angeles (UCLA). While searching for the journals and articles I used search or key words such as human resource management, international human resource management, best international human resource management practices project etc. In addition to that I found a lot of pertinent literature and journal entries by reading the reference lists in the material that I found. I also started to recognize the primary researchers in the area and I could use their names to find further information.

During my literature search I would deliberately exclude articles or journals that I did not consider had a scientific origin. These would include articles and journals that proposed an array of theories that they couldn’t support with any empirical studies or

scientific arguments. I realize that this selection is hard to do in this area since many of the theories are new and not always recognized in the scientific community yet.

1.1.1 Critical analysis of the information source

The literature review consist of research and findings that I consider relevant for the thesis but there is a chance that my own personal bias, which I have tried my best to control, has contributed to the exclusion of other applicable information. The fact that I am doing research in an emerging area also makes it hard to be too selective while gathering information.

1.2 Human Resource Management

Human resource management (HRM) is a distinctive approach to employment management, which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce, using an integrated array of cultural, structural and personnel techniques. (Syrén, 1998) It is a management concept with multi- and interdisciplinary elements that evolved in the early 1980's in the US. It took another decade, 1990's, before it became fully established internationally as a scholarly discipline. (Poole, 1999, Schuler, 2000) HRM is a normative concept that aims to create more efficient and competitive organizations through the utilization of employees, which it considers to be the most important single asset of organizations. (Molander, 1996, Poole, 1999, Rodwell & Teo, 1999, Syrén, 1998) This has not always been the case; organizations have not historically based their strategies on human resources since people are the most costly and uncontrollable of all organizational assets. Instead organizations' executives have based their competitive strategies on other factors such as product and process technologies etc. (Snell, Youndt & Wright, 1999)

Human resource management is a strategic approach to the acquisition, development and motivation of the employees. A central aspect in HRM is the link with the strategic management in an organization and there is a great confidence in managerial performance and effectiveness. Personnel issues are regarded as management issues and they should not be handled by a relatively marginalized personnel department. Human resource managers should integrate business and human resource strategies and their contribution to the achievement of organizational goals are equivalent to that of other managers. Up until the 1980's the management of personnel was conducted independently of any coherent strategy in organizations, which in turn made the personnel department questioned to a great extent about its actual role in the organization. (Molander, 1996, Poole, 1999, Syrén, 1998) It is important to emphasize that human resource management cannot be left merely to the HR-professionals to handle. It has to be integrated in the rest of the organization and incorporated by all the managers in order for the concept to work. (Molander, 1996, Poole, 1999, Schuler, 2000)

Historically personnel management has been regarded as a means to look after the welfare for the workforce, a necessary response to employees' expectations. Traditionally the personnel manager's main function has been to fight for the rights of the employee, prevent employee exploitation and to create an environment that

contributes to personal and job satisfaction. The role of the personnel manager has evolved to also comprise the need for organizational efficiency and success. (McDougall & Mulvie, 1990, Sisson & Storey, 1993) The major difference between personnel management and human resource management is that the previously mentioned management system lacks HRM's integrative and strategic approach to management. (Schuler, 2000, Syrén, 1998) Industrial relations, that are an important part of the labor market, are concerned with collective labor issues whereas personnel management is traditionally concerned with policies and practices directed towards the individual employee. (Sisson & Storey, 1993) In Sweden the industrial relations tradition consisted of the government, trade unions and employers. (Syrén, 1998)

HRM combines elements from international business, organizational behavior, personnel management and industrial relations and it has grown out of disciplines such as occupational psychology, labor economics and industrial sociology (Poole, 1999) Human resource management is believed to have emerged from the following four traditions:

1. The welfare tradition of the early pioneers in the industrial betterment movement
2. The employment management tradition of the years between the 1st and 2nd world wars when organizations were responding to the changing nature of employee relations due to shortages in the labor market which resulted in an increased importance of relations with the labor force to the firm creating specialized employment departments to administer relations with the labor force
3. The industrial relations tradition of the post-war 1960's and 1970's when trade union growth in terms of membership and power required a comparable growth in industrial relations specialists within personnel work
4. The professional tradition of the 1970's and 1980's where personnel management sought professional status and acceptance (McDougall & Mulvie, 1990, Poole, 1999)

Molander (1996) claims that the development of human resource management was a result of external economic pressures that forced organizations to change internally in order to survive. The development of HRM has also been dominated by the parallel development of industrial relations, as a counter move or response from the employers to the complex systems of bargaining and negotiation procedures. (Clark, 1996, McDougall & Mulvie, 1990, Molander, 1996)

The human relations approach to management emerged as early as the 1920s as challenge the notion of employees as merely an appendage to a machine that only seeks monetary rewards from his or her work. The approach's main objective is to make the employees in an organization feel that they are a useful and important part of the overall effort in the organization. Human resource management differs from human relations tradition models in that HRM broadly endorses employee participation and rejects traditional authoritarian concepts of leadership. The purpose of the participation is not merely to improve satisfaction and morale but also to improve the decision-making and total performance efficiency of the organization. It is implied that the more important the decision the greater is the managers' obligation to encourage ideas and suggestions from the employees. The employee relations system of human resource management is

likely to be unitarist, individual and high trust as opposed to pluralist, collective and low trust. (Miles, 1999)

Since HRM has an individualistic and unitarist approach to the management of employees trade unions seem unnecessary or at the best marginal in organizations that practice HRM. HRM should however not be considered as an anti-union approach to management and rather that unions are seen as unnecessary and irrelevant since HRM policies comprise the union model of providing a collective voice for sources of grievance and discontent and promoting employees interests at a managerial level. (Guest, 1999) Syrén (1998) points out that HRM in its essence is not compatible with trade unions due to its individualistic focus that is contrary to the collectivistic and confrontational of trade unions. Sisson and Storey (1993) however do not think that one excludes the other. They believe that HRM will work together with industrial relations, however not in its traditional form, through a joint effort to combine the individual and collective approaches by reaching an agreement that they have the same goals, a successful organization and satisfied employees.

The concept of human resource management was developed in the US and the society there and must therefore be adjusted to the culture and traditions of other countries before it can be effectively used. The concept developed in the juncture of a predominantly industrial society and one that is characterized by a developing service sector. HRM was developed in organizations where the union had a very marginalized role if any and the concept has met a lot of resistance especially in countries that have a long tradition of union involvement in organizational activities. (Guest, 1999, Syrén, 1998) In Sweden where there is a high percentage of unionized employees amongst both white- and blue-collar workers human resource management has surfaced since the 1980's in different forms and under different labels. (Syrén, 1998)

The reason for the increased emphasis on human resource management during the later part of 1990's has to do with a number of economic, political, social and technological changes in our societies. Some of the prominent factors on an increased emphasis are according to Poole (1999):

1. Globalization and increasingly open markets that have led to a concern over the motivation and commitment of workforces. The dramatic transformation of many European countries from planned economies to market economies.
2. Shifting power balances in industrial relations system to an increased prerogative for the employers and a reduction in governmental and trade union influence which gives the employers more leeway to formulate more strategic and policy oriented processes for decision making including those focused on human resource management.
3. Major technological advances that requires quick changes in skills and aptitudes of employees in technological organizations.
4. The increasingly multinational nature of business that has necessitated managing diverse workforces and adapting business strategies to varied political, cultural and economic environments.

Within the HRM concept one can find two predominant concepts, the Harvard and Michigan concepts of HRM, that set the conceptual foundation of the modern discipline of HRM. The Harvard concept originates from Michael Beers' publication "Human resource management – A general managers perspective", which was presented at Harvard Business School 1981. The basis of the Harvard concept is to create a good and committed relationship between the company and its employees, which is necessary to achieve higher levels of outcomes, i.e. the four C's, which are Commitment of employees, overall Competence of employees, the degree of Congruence between the goals of employees and those of the organization and overall Cost-effectiveness of HRM practices. The Harvard concept is intended to provide strategies for balancing different interest which in turn are expected to influence the organization's choice of management policies, employee influence, work systems, rewards and human resource flow. (Beer, Spector, Lawrence, Mills & Walton, 1999, Clark, 1996, Poole, 1999, Sisson & Storey, 1993, Syrén, 1998)

Key HRM policy goals are only likely to be fulfilled if they are integrated into the business strategy and fully supported by line management at all levels. The figure below, of the determinants and consequences of HRM policies, shows that situational factors and stakeholder interests primarily influence HRM policies. The figure maps out the determinants according to the Harvard concept of HRM. (Clark, 1996, Beer et al., 1999, Syrén, 1998)

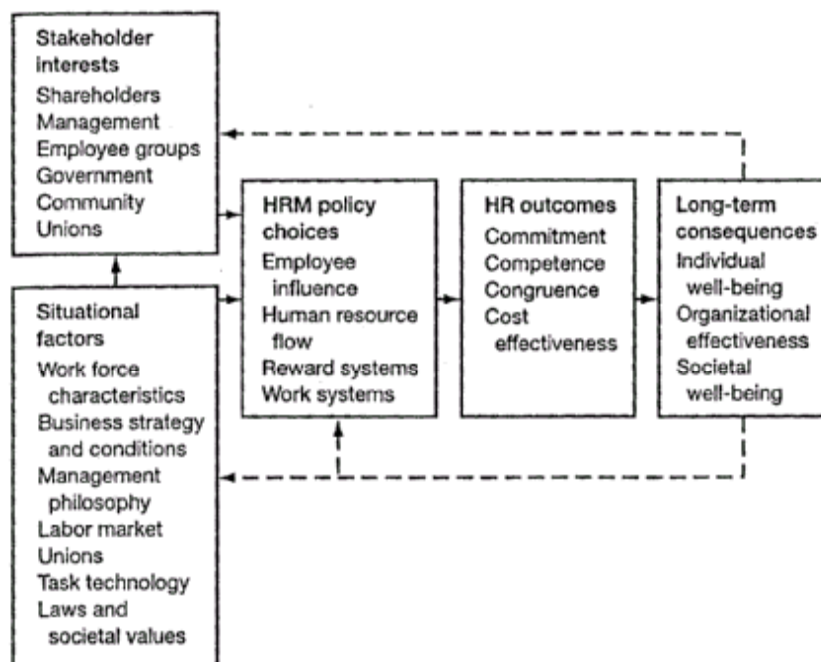


Figure 1: Map of the HRM territory (Beer et al., 1999 page 31)

The Michigan concept of HRM was developed at the University of Michigan in the early 1980's. The Michigan concept or strategic human resource management is similar to the Harvard concept but it puts more emphasis on strategic measures directed towards the employees and it is on a higher level of abstraction. More emphasis is put on rewards that are used to attain desirable behaviors in the organization. The guiding

factors in the Michigan concept are strategic selection, strategic appraisal, strategic rewards and strategic development. These are found in all three decision-levels of organizations, the strategic, managerial and operational. The figure below shows how these factors work together with the performance as the dependent variable. (Clark 1996, Devanna, Fombrun & Tichy, 1999, Syrén, 1998)

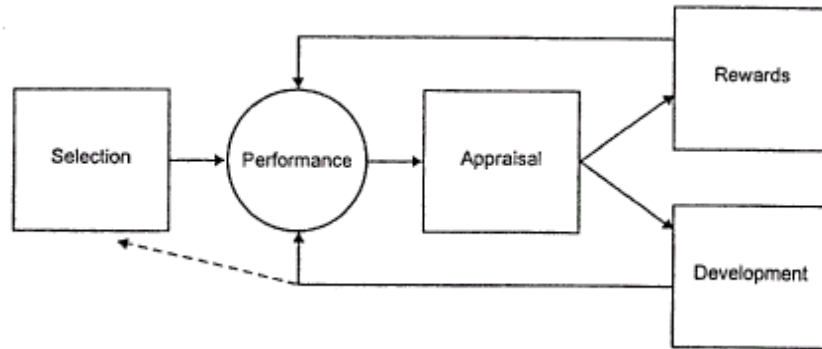


Figure 2: The central components of the Michigan concept (Syrén, 1998 page 110)

The Harvard model focuses on employee influence and work-systems that are fundamental to human resource management choices while the Michigan model emphasizes the links with strategy and establishes the conceptual relationships between the mission and strategy of the firm, its organizational structure and its human resource management system. The mission and strategy refers to that the organization has to have a reason for being, a means for using money, material, information and people to carry out the mission. These people are organized to carry out the mission of the organization and to do the necessary tasks, thus the organizational structure. Finally the HRM system has to do with the division of labor, performance monitoring and distribution of awards to keep the employees productive. (Devanna et al., 1999, Poole, 1999, Sisson & Storey, 1993, Syrén, 1998) Snell et al. (1999) defines strategic human resource management broadly as organizational systems designed to achieve competitive advantage through people. The formative Harvard concept that emphasizes human relations tradition is the most comprehensive and remains the most influential and it is considered the base for the modern HRM. (Clark, 1996, Poole, 1999, Syrén, 1998)

Human resource management can be grouped into two major strands, hard and soft HRM. Hard HRM is considered to be the one that focuses on the tie to strategy and the purpose of HRM as a competitive advantage whereas soft HRM has to do with the human relations and the emphasis on employee satisfaction and other humanistic areas of management. (Poole, 1999, Syrén, 1998)

The four major human resource management policy areas that human resource managers must focus on, in order to increase an organization's effectiveness on long and short-term basis are, employee influence, human resource flow, reward systems and work systems. Employee influence is central for all HRM policy making. The human resource flow has to do with the flow of human resource in, within, through and out of the organization. This policy area includes HR-activities such as recruiting, internal

staffing, performance appraisals and outplacements. The policy about the reward system in an organization should be one that serves the interest of employees at all levels of the organization. Policies about the work systems that are to prevail in an organization have to be defined on every level. These include policies about how the employees' competence should be utilized and the employees' commitment to the organizational mission. Effective HRM policies and practices are those that are designed and administrated through a process of mutual influence between management and employees and that result in high levels of commitment, competence, cost effectiveness and congruence according to the Harvard concept of HRM. (Syrén, 1998)

The implementation of these human resource management policies in an organization requires HR-practitioners or professionals to take an active part in different organizational activities. McDougall and Mulvie (1990) choose to group HRM activities into the following three groups: employee resourcing, employee relations and employee development. They define employee resourcing as the process of achieving the organizations requirements for employees through a planned series of activities concerned with the determination of labor demand and supply, attraction and selection, reward and retention of staff. Employee resourcing can be considered the most important activity in the personnel department because without appropriate strategies and activities to obtain and retain employees the very existence of an organization is in jeopardy. This group comprises organizational activities, described by Molander (1996), such as corporate planning, implementation of human resource policies, human resource planning, recruitment and selection, reward management and development and support services. Sisson and Storey (1993) refers to similar organizational activities as human resource planning and resourcing in their work.

The second group, employee relations, has to do with the employment relationship between an employee and his or her employer. The responsibility for formulating and administering the rules that regulate the employment relationship primarily lies on the government and employers but the employees also have an important role, especially if they are members of a trade union. (McDougall & Mulvie, 1990) It is important for management to decide upon the nature and the extent of the recognition of trade unions and the structure for the collective bargaining. (Sisson & Storey, 1993) Industrial relations continues to be an area of importance even though there has been a power shift from the trade unions to the managers (Molander, 1996)

The employee development group or human resource development includes both training and developmental activities that are conducted by the HR-practitioner. Human resource development refers to the entire range of educational, training and development facilities available in an organization. (Harzing & Ruysseveldt, 1995) The function of development activities in organizations have changed from having been primarily seen as luxury activities that are only conducted when the organizations are doing well financially to being an important investment for the organization and a necessity for organizational effectiveness and success. (McDougall & Mulvie, 1990) Various forms of appraisal systems in an organization can assess the training needs and it should be regarded as an investment and not merely an immediate cost in the budget. (Molander 1996, Sisson & Storey, 1993)

The following figure maps out three different levels of managerial work, operational, managerial and strategic levels, and the figure depicts the different human resource management functions at these levels. (Devanna et al., 1999)

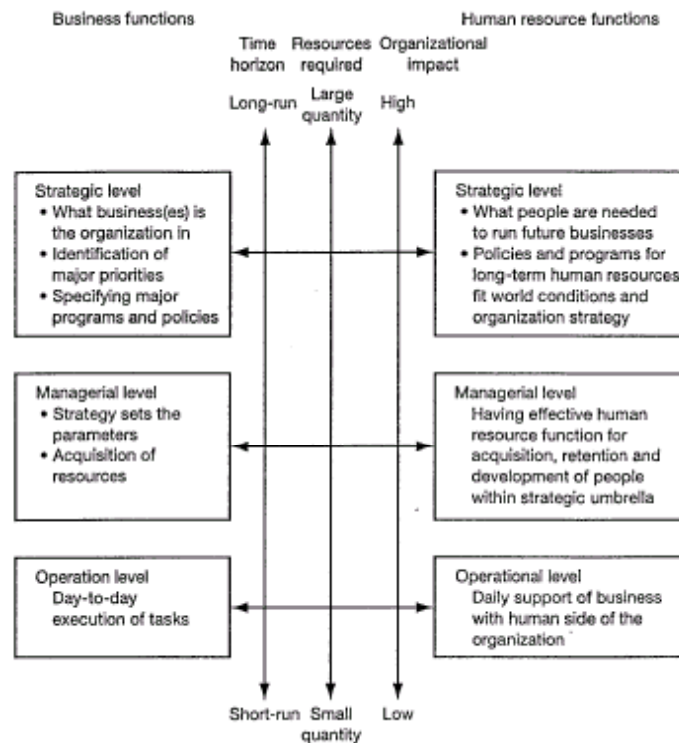


Figure 3: Three levels of activity for business and human resource functions (Devanna et al., 1999 page 60)

Syrén (1998) does not believe that general managers should be specially trained in human resource management. He instead thinks that there should be HR-specialist available to supply their expertise knowledge to the managers so that they can develop appropriate strategic human resource practices that are integrated in the organization.

Human resource management in Europe is sometimes referred to as European human resource management in order to mark a distance from the American concepts. (Syrén, 1998) European human resource management is a model of HRM that re-emphasizes the influence of factors such as culture, ownership structures and the role of the state and trade union organization. (Hegewisch & Brewster, 1993) Brewster (1999) constructed a model for European human resource management which Clark (1996) believes is faulty because it seeks to determine the extent to which different nations adopt a particular model of HRM instead of having a polycentric approach in which the researcher seeks to find what people in different countries understand as HRM.

Critics of human resource management as a discipline have argued that it is a too comprehensive concept which presents problems of testing, it lacks general application and that the HRM theory has neglected many important aspects of theory building. (Poole, 1999)

1.3 International Human Resource Management

Almost all things have become more international in the last half of the previous century and that same sentiment is applicable on HRM. Globalization or tighter international linkages on a world-wide scale have contributed to that most companies now are competing on an international market, which alters the way the HR departments work. (Kidger, 2002, Schuler, 2000) Human resource management practices have been recognized increasingly as a basis for achieving sustained competitive success particular for companies that operate in challenging and rapidly changing international competitive environments. (Rodwell & Teo, 1999, Drost, Frayne, Lowe & Geringer, 2002, Schuler, 2000) It is important for multinational companies to practice effective human resource management because employee quality is the only sustainable source of competitive advantage on the global market. (Lowe, Milliman, De Cieri & Dowling, 2002) International human resource management (IHRM) is a field that is concerned with the human resource issues associated with the various stages of the internationalization process and comparative analysis of different countries' systems of human resource management. The internationalization of an organization is much more than reproducing the organization in another country. Internationalization increases the complexity of a company and international companies must learn to deal with unstructured, often paradoxical circumstances and events. (Harzing (1), 1995)

There are different HRM models both between and within countries. IHRM deals with human resource issues in multinational firms' foreign subsidiaries e.g. expatriate management. (Boxall, 1999, Poole, 1999) International HRM, similar to international business tends to focus on the conquest of corporate culture over national culture. Boxall (1999) amongst others distinguishes between international human resource management and comparative HRM. The latter should be interpreted as a the comparative study of the management of labor in its broadest sense while IHRM's primary focus is the multinational firm and its human resource issues. (Boxall, 1999, Schuler, 2000)

International human resource management does not differ from HRM in domestic companies but they face some special issues due to their internationalization. It is the way the different HRM practices are performed that differentiates IHRM from HRM rather than a difference in practices. The practices that are similar to those of domestic HRM become more diverse and complex in IHRM since they have to be administered to different groups of employees, parent-country nationals, host-country nationals and third-country nationals. There are also more practices to perform in IHRM for example international taxation, international relocation and orientation, administrative services for expatriates and host government relations. External factors such as the type of government, economy, trade union influence in the host country etc are factors that IHRM must deal with. (Paauwe & Dewe, 1995) In IHRM the links between business strategy, human resource strategy and human resource practices are influenced by diverse environments in different national and regional contexts. These diverse environments include differences in culture, legislation, patterns of ownership, trade union representation, employee involvement and communication, bargaining arrangements, labor markets, education and training etc. (Poole, 1999) Strategic international human resource management is defined by Schuler, Dowling and de Cieri

in Poole (1999) as human resource management issues, functions and policies and practices that result from the strategic activities of multinational enterprises (MNEs) that impact on the international goals and concerns of the enterprises'. This description of IHRM should lead to successful global management of human resources, which Sparrow, Schuler and Jackson (1999) define as the possession of the skills and knowledge of formulating and implementing policies and practices that effectively integrate and cohere globally dispersed employees, while at the same time recognizing and appreciating local differences that impact on the effective utilization of human resources.

The figure below demonstrates how domestic HRM differs from IHRM:

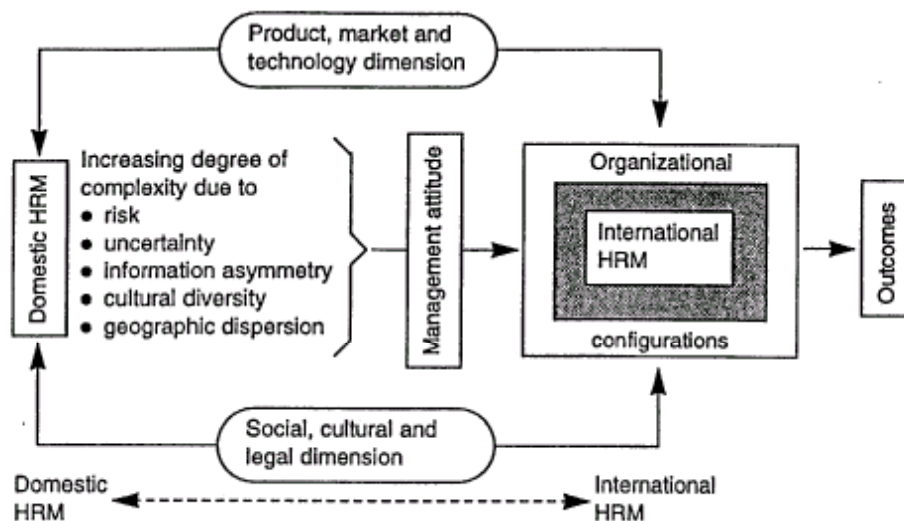


Figure 4: Domestic and international human resource management (Pauwe & Dewe, 1995 page 92)

There has been a very limited amount of research done on the specific HRM strategies that multinational companies should follow in order to achieve their organizational goal partially due to the recent recognition of HRM as distinct management discipline. Most of the research on international human resource management has focused on the management of expatriate or parent-country nationals. This focus does not mean that the selection, training, development and compensation practices for third-country nationals or host-country nationals are less important. (Pauwe & Dewe, 1995, Sparrow et al., 1999)

International human resource management is usually influenced by three different states of mind or attitudes of international executives to a certain degree but there is usually one that is predominant. These three attitudes are ethnocentric or home-country oriented, polycentric or host-country oriented and geocentric attitudes which are world oriented. An ethnocentric perspective in an organization implies that management style, knowledge, evaluation criteria and managers from the home-country are considered superior to those of the host country. This perspective results in that only parent-country nationals are considered to be management material in both the headquarters and at the subsidiary. A company with a polycentric attitude towards management appreciates the differences between the parent- and host-countries and believes that a host-country

national would probably run a subsidiary better since he or she is familiar with country specific factors. A host-country national will however not be offered a management position at headquarters. The geocentric approach differs from both the others in that it appoints its managers, both to headquarters and subsidiaries, regardless of nationality. It is a worldwide perspective, which recognizes the individual's competence as an international manager. (Kidger, 2002, Paauwe & Dewe, 1995, Rosenzweig & Nohria, 1999) It is however common, as mentioned above, that a mixture of the different attitudes prevails in the foreign affiliate or subsidiary. Some practices may resemble the home-country practices, others may more closely resemble host-country practices while others may be more global in nature. There exist both a pressure for divergence as well as for convergence of the international human resource practices. (Rodwell & Teo, 1999)

The degree to which international companies' foreign subsidiaries adapt to the local culture and practices of the host country varies depending on different contextual variables that are illustrated in the figure below: (Rosenzweig & Nohria, 1999)

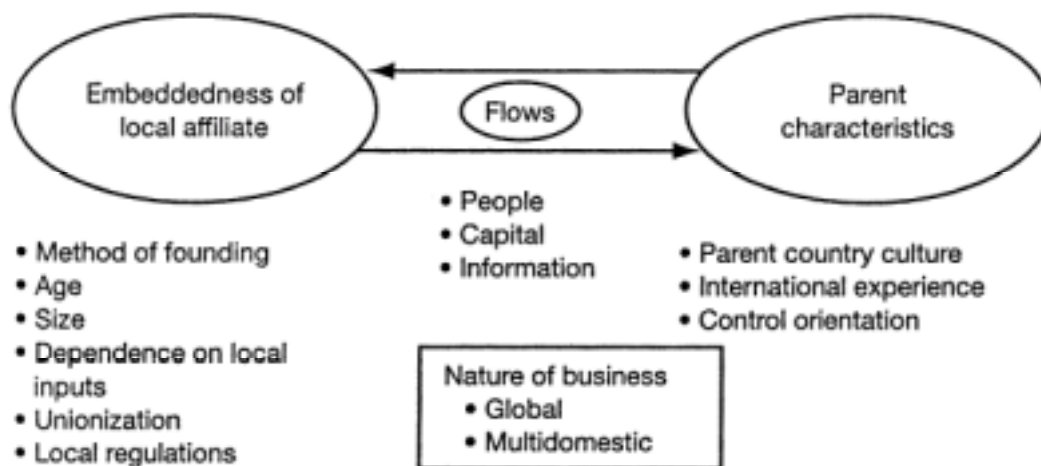


Figure 5: Contextual factors that affect affiliate HRM practices (Rosenzweig & Nohria, 1999, page 109)

The free trade agreement NAFTA (North American Free Trade Agreement) was signed the first of January 1994 and it created a market with over 500 million individuals. The agreement eliminated tariffs and country-of-origin-labels and it regulates the NAFTA countries trade relations with non-NAFTA countries. NAFTA enabled Swedish companies to enter the US market without having to localize their business in the US or having to operate from Canada or Mexico, which increased the number of expatriates sent out from Sweden. (www.swedishtrade.se/usa, 2002) Expatriation is the clearest manifestation of globalization from an HR perspective and about 100,000 employees are sent overseas each year from the US at an estimated cost of \$250,000 for an executive and family. Evidence suggests that more than 30% of US corporate assignments fail and this is not due to a lack of funds or market experience. It is mainly because employees for overseas assignments are nearly always selected for their technical expertise and not for any cross-cultural competence. (Baruch & Altman, 2002) Reasons for expatriation may be that the company does not find qualified host-country nationals or find them difficult to train for the required assignment and it is also seen as

a way of maintaining the company's culture and traditions in the host country. Both management and organizational development are other factors that contribute to expatriation. Expatriation is also seen as a good tool for minimizing a manager's ethnocentric attitudes, which in the long run benefits the whole organization. (Borg & Harzing, 1995) Training and development of international staff (expatriates) usually focuses on technology transfer and organizational configurations and relatively little attention is paid to the human resource development needs that are needed for an organization to truly operate on a global perspective. (Baumgarten, 1995)

The HRM activities that are important to IHRM are personnel selection, training and development, assessment and compensation. All these activities are essential to domestic HRM too but in an international organization certain problems might arise due to the international environment. In IHRM personnel selection primarily focuses management recruitment, as mentioned above, which can be parent-country nationals, host-country nationals or third-country nationals. The recruitment choice often reveals the top management at the headquarters attitudes, which has been mentioned previously. The emphasis on training and development practices within IHRM has shifted from the preparatory training needs of expatriates to an emphasis on training and development to improve an international organizations performance. (Harzing (2), 1995)

Different economic systems, development levels, political and institutional context, traditions and cultures affect the wide gap between wages or salaries paid for comparable positions in different countries. In an international perspective it is very important to study these differences and reasons influencing these differences since the compensations practices are extremely important when it comes to controlling or influencing the employees' performance and motivation. A compensation program or practices should attract potential job applicants, retain qualified and desired employees and stimulate employees by rewarding desirable behaviors that contribute to the organizational success. In international organizations it is important that the compensation systems adapt to the specific conditions that are prevalent in the host country. (Logger, Vinke & Kluytmans, 1995, Rodwell & Teo, 1999)

Clark (1996) believes that HRM is culturally relative and that different national cultures lead to different ways of thinking about management and organizations. He does not believe that HRM or other theories about management have universal validity and can thus not be applied from one culture to another. The Dutch researcher Geert Hofstede performed a comprehensive empirical study of the work-related culture and attitudes among subsidiaries of the American multinational company IBM in fifty-three countries in the early 1970s. He identified four basic dimensions to express differences between national cultures; power distance, uncertainty avoidance, individualistic-collectivistic cultures and masculine-feminine cultures. These measured the different cultures relationship to authority, conception of self, including the individual's concepts of masculinity and femininity and the relationship between the individual and society and primary dilemmas or conflict and ways of dealing with them. Hofstede argued that the way people see, perceive and understand management and organizations is culturally conditioned which leads to the question of how valid American management systems such as HRM, which have a low power distance, low to medium uncertainty avoidance, high individualism and masculinity, are in other cultural contexts. (Clark, 1996, Olie,

1995, Hofstede, 1999) Pieper (1990) conducted a study of a range of HRM models and practices from the industrialized western world, Eastern European countries and Asian countries and found, similar to Hofstede, that there is no universal model of human resource management. American HRM is founded particularly on the notion of “organizational autonomy” which is far less evident in Europe. (Poole, 1999) Due to all the cultural differences and variations between the western countries alone one cannot transfer human resource methods and systems developed in one country to another. Many of the management techniques like management by objectives, matrix organizations, humanization of work programs etc are not as successful in other countries as they are in the US. (Olie, 1995)

There is an assortment of ideas about the extent to which international human resource management should or can be utilized in multinational companies and whether or not there exists common denominators to IHRM or if it requires local responsiveness. Poole (1999) and Schuler (2000) do not believe that there necessarily is one best human resource practice or set of practices and they think that the best human resource practices are linked with a specific organization’s distinctive organizational strategies, structures and processes. Harzing (2) (1995) agrees and does not think that there exist any indisputable best solutions for personnel problems. In order to empirically test if there is any universality in the international human resource management practices a multinational project was started in the early 1990s. In the next sections this project and its results are explicitly described partially because it is the first of its kind and proportion and partially because it came to be one of the stepping stones for my own empirical study of the existence and development of IHRM in Swedish companies in California.

1.3.1 The best international human resource management practices project

The idea of conducting a multinational project on HRM practices was conceived by Mary Ann Von Glinow and some of her colleagues in North America in 1990. At the time that the Best Practices Project was founded relatively few empirical studies existed regarding international HRM practices. Recent studies on comparative HRM had called for a direct comparison of various HRM practices in different countries in order to give a more nuanced picture of the impact of cultural context on the practices (Drost et al., 2002). The goal of the Best Practices Project was to determine whether and to what extent there were “best international HRM practices” that might serve as a common denominator across different cultures and nations, and that might be related to organizational effectiveness in different countries. Even though the word “best” was used the project did not expect to find practices that could be uniformly applied in all countries or cultural environments. The wording was used to highlight the project’s intention of benchmarking HRM practices globally. Another of the objectives of the project was to analyze and compare HRM practices of firms operating in developed, newly industrialized and developing economies, and firms in a variety of industrial sectors (Drost et al. 2002, Huo, Huang & Napier, 2002, Teagarden et al., 1999, Von Glinow, Drost & Teagarden, 2002). This broad approach was considered appropriate considering the meager research that has been done in the area of comparative international human resource management (Drost et al., 2002, Teagarden, 1999). The

researchers also wanted to build a grounded theory of comparative management research methodology. (Teagarden et al., 1999)

A multicultural, interdisciplinary research consortium, consisting of more than twenty scholars when the project commenced, conducted the Best IHRM practices project. The consortium spent a year developing a standardized questionnaire based on the results of a literature review over IHRM practices in the past. The literature review enabled the researchers to identify important factors and findings that had been recognized by HRM researchers in the past. The first draft of the questionnaire was tested at two different universities in the US in a pilot study and several experts in the area of cross-national HRM research were consulted with before the project group decided on the final questionnaire.¹ The questionnaire contained a five-point scale for grading the responses, in which 1 indicated “not at all” and 5 indicated “to a very great extent”. One special feature in the questionnaire was that the respondents were asked to indicate how various human resource practices in their organizations were “now” and how they thought they “should be”. This feature was thought to specify to what degree that a practice is culturally influenced. The project group believed that the responses to the “should be” questions would reflect the culture and the respondents personal preference while the “is now” questions would be influenced by other factors than cultural, such as the organization’s past history, industry structure and leadership style. The questionnaire was designed to enable a cross-country comparison. (Drost et al. 2002, Geringer, Frayne, Milliman, 2002, Huo et al., 2002, Teagarden et al., 1999) The questionnaire was originally written in English and it was translated into the respondents’ native tongue by indigenous professors and back-translated by other natives of the target nation in order to avoid cultural bias and misinterpretation. (Geringer et al., 2002, Teagarden et al., 1999)

The project subsequent data collection effort began in 1991 after the conclusion of the pilot study and the project group had initially planned to have collected data from all continents including Africa and Europe, whereof Sweden was one of the countries in the sample, before compiling the gathered information. However due to incomplete data, insufficient sample sizes or other limitations they decided to assess the material they had while still in process of collecting further data from around the world. (Geringer et al., 2002) The first assessment that was presented in the 2002 issue of the journal “Human Resource Management” wound up to comprise the following nine countries/nations and one region: Australia, Canada, People’s Republic of China, Indonesia, Japan, South Korea, Mexico, Taiwan, the United States and Latin America. Latin America is in this study comprised of the countries Guatemala, Costa Rica, Panama, Nicaragua and Venezuela. (Drost et al. 2002, Geringer et al., 2002, Huo et al., 2002)

The researchers describe their sampling method for the project as quasi-theoretical, as a result of the flexibility needed to gather data from countries with very different contextual settings. They used a mixture of snowball sampling and chain-referral sampling depending on the country. (Geringer et al., 2002, Von Glinow et al., 2002)

¹ A complete English version of the standardized questionnaire used for collecting survey data can be found on pages 16-27 in the Spring 2002 issue of Human Resource Management Vol.41, No.1.

The samples from the nine countries and region consisted of primarily managers and engineers. The size of the sample differed between the various countries and in some countries non-managers answered the questionnaire but the project group feel that most caution should be taken when comparing data in regards to the depth and breadth of industry that was sampled in each country because of the organizational differences. One should also be cautious in doing direct comparisons of the responses from the questionnaire since different cultures may incorporate different frames of reference when evaluating their work experience (Drost et al., 2002; Milliman, Nason, Zhu & De Cieri, 2002)

The researchers wanted to empirically test whether HRM practices could be divided into the following three different categories: context free, context specific or context-dependent HRM practices. Context free HRM practices were defined as practices that generally are applicable and effective across different nations regardless of the societal and organizational contextual conditions. Context specific practices are practices that are effective in one country's contextual setting but they are not necessarily transferable to another country that has a different contextual background. They require similar contextual backgrounds to be effective. Context-dependent HRM practices are too dependent of a specific country's societal and organizational conditions to be able to be successfully and effectively replicated in another country (Geringer et al., 2002, Von Glinow et al., 2002).

The project was an exploratory endeavor and the results are not based on dogmatic statistical data. It is rather the project group's interpretations of observed trends (Lowe et al., 2002). The Best IHRM project is still in process of collecting data from more countries, which will contribute to a higher validity and reliability for the project (Huo et al., 2002) but the researchers emphasize that replications and extensions of the project's efforts are necessary at both national and international levels (Geringer et al., 2002).

1.3.1.1 Results from the Best International Human Resource Management Practices Project

Following are the results from the Best IHRM practices project. The results have been grouped in four different groups: personnel selection practices, training and development practices, performance appraisal practices and compensation practices, similar to the central components of the Michigan concept of HRM. The division of the different HRM practices into these four groups is the choice and preference of the researchers of the project and it is also a way of presenting the results in a manner that facilitates the reader's comprehension. The results should however be considered tentative since the project group still is in progress of collecting further data to support and elaborate the present findings.

1.3.1.1.1 Personnel selection practices²

Even though the hiring practices or personnel selection practices of a company is a crucial element for its survival and prosperity the number of studies on the subject is scarce, especially when it comes to cross-national studies. The Best IHRM practices project set off to examine whether there existed any universally desirable hiring practices since there is a common notion that companies all over have the same goal, which is hiring the most competent or qualified person when a job vacancy arises. The means by which the companies reach this goal does vary internationally due to cultural differences and should perhaps continue to do so. The project group was interested in understanding the background to the similarities and dissimilarities in these practices which all aspire to the same goal. By examining if there are any significant differences in commonly used hiring practices amongst different nations they expected to perhaps find that certain practices are ubiquitously used. They also hoped to find that some hiring practices are universally desirable by HR-practitioners across nations regardless of the practices that are actually used.

The project group found that a person's ability to perform the technical requirements of the job is ranked among the top three "should be" conditions in all the ten countries or regions, which confirms that the use of technical skills as a selection criterion can be considered universal. It was however not one of the top three presently used selection tools in Japan and Taiwan, which indicates that other non-technical selection practices are more frequently used.

Another selection criterion that stood out from the others as frequently used was the use of personal interviews. This practice was ranked as one of the top-three most utilized selection practices by every country and region apart from the People's Republic of China. The preference for using a personal interview shows that most employers would like to have a personal meeting with a potential employee before making a decision. The reason why this practice is not as regularly used in China has to do with practical difficulty rather than a de-emphasis on personal contact. When the respondents were asked to rank personal interviews, as they believe they should be used this selection criterion lost its top three ranking in Taiwan and South Korea. This implies that the East Asian countries have found another way of assessing potential employees, which perhaps deems the personal interview superfluous.

The responses for the eight other hiring practices in the questionnaire displayed major cross-cultural differences in how they were presently used in the different nations, i.e. the "is now"-responses. These are the eight of the ten asked selection practices that did not generate any common responses, but some clusters were apparent though:

1. Employment tests
2. The person's potential to do a good job even if the person is not that good when they first start
3. Work experience from similar job

² Summary of the results presented by Y. Paul Huo, Heh Jason Huang and Nancy Napier in "Divergence or convergence: A cross-national comparison of personnel selection practices", *Human Resource Management* Spring 2002, Vol. 31, No. 1, pp. 31-44

4. A person's ability to get along well with others already working there
5. How well the person fits the company's values and ways of doing things
6. Having the right connections
7. The coworkers' opinion about the person
8. The company's belief that the person will stay with the company

A prominent cluster was Japan and Taiwan that rated the different selection practices similarly. The reason for this is most likely their comparable culture, intertwined history and economic ties. Another cluster was one consisting of Australia, Canada, Germany and the US who all rated the use of past work experience highly in their present organizations. The fact that they are all developed countries and individualistic societies might be a common ground for this preference. The project group could sense other clusters of similar selection behaviors but they were not able to support their beliefs with any clear findings.

Apart from technical requirements and the personal interview the third most desirable hiring practice is a person's potential to do a good job. The project group also noticed that four of the selection practices were not ranked highly by any of the countries or nations as a desirable or "should be" practice. These were: having the right connections, the company's belief that the person will stay with the company, work experience from a similar job and the coworker opinion about the person. The reason that these practices are not favorable is likely that they are intangible and highly subjective.

The outcome of the "best hiring practices"-part of the multinational Best IHRM practices project was not groundbreaking and it did not lead to any consistent theoretical interpretations. They did however notice some interesting discrepancies between the HR-practitioners' description of the present situation and how they perceive the selection of personnel should be. Examples of these discrepancies are that the HR-practitioners in Japan presently emphasize a person's interpersonal skills and potential and rate this factor high on the "is now"-scale while they think that technical requirements should have a higher importance. In both Canada and Australia, that have a similar background in the British Commonwealth, a person's previous work experience presently play a determining role when recruiting new personnel whereas when asked what factors that should be valued highly both nations responded that a good fit in the organization is essential. The US is similarly to Canada and Australia putting less emphasis on past working experience and instead emphasizing a person's perceived potential to do a good job. In Mexico having the right personal connections is one of the frequently used hiring practices but the HR-practitioners think that the selection process should be based on more objective factors.

The conclusion that one can make, although tentative since the project group is still in the process of collecting further data from other countries, are that hiring practices are converging due to factors such as the rapid advancement of the information technology and globalization of modern industries. The convergence of hiring practices is blatant in the HR-practitioners "should be"-answers but this does not mean that cross-national differences are fading away. The best international hiring practices should therefore be the ones that are best adapted to cultural and national differences.

1.3.1.1.2 Training and development practices³

Since training and development of current employees is an important human resource practice and an essential part of getting competitive advantage as a company the researchers from the Best IHRM practices project wanted to examine how this practice is currently performed across the countries and region. They also wanted to find out what training and development practices that were preferred by the HR-practitioners and ultimately perhaps uncover that all training and development practices are not country or region specific, that there might exist universal training and development practices that work across countries. To examine this the project group posed ten different statements about training and development practices that respondent had to take a stance to. They had to respond to how the practices were used presently in their organization and the usage that they preferred or desired. The following are the different statements about the purpose of training and development practices in their organizations that the HR-practitioners had to rate:

1. Provide a reward to employees
2. Improve employees' technical skills
3. Improve employees' interpersonal skills
4. Remedy employees' poor past performance
5. Prepare employees for future job assignments
6. Build team work within the company
7. Provide substantial initial training
8. Help employees understand the business
9. Provide cross-training
10. Teach company values

The results from the study indicated that the majority of the training and development practices are country specific except for the use of training and development practices as a mean to improve employees' technical skills, which was rated highly by all the respondents and the answers to the "should be" question indicated that this practice would continue to increase in the future, especially in Mexico and Latin America. The researchers were however able to find some evidence supporting the notion that some practices are universal. They could distinguish three country clusters with similar approach to training and development. These clusters were: the Asian countries, Mexico and Latin America and the third was the American, Canadian and Australian country cluster. The formation of these clusters has a lot to do with the countries similar cultural values and industry trends. The main cultural values that have a significant role when examining the preference and use of training and development practices is whether or not a country is a individualistic or collectivistic society. In an individualistic society there is a notion that everyone has to fend for themselves while there is a strong dependence and loyalty towards the group in a collectivistic society. This theory can be transferred to the workplace to explain the relationship between an employer and employee as either a form of business transaction or relationship based on loyalty.

³ Summary of the results presented by Ellen A. Drost, Colette A. Frayne, Kevin B. Lowe and J. Michael Geringer in "Benchmarking training and development practices: A multi-country comparative analysis", *Human Resource Management* Spring 2002, Vol. 31, No. 1, pp. 67-86

In the American, Canadian and Australian cluster the training and development practices are believed to be in need of some substantial improvement both on the “softer” parts i.e. team building, understanding of business practices and corporate values as well as more practical training such as preparing the employees for future assignments and cross-training. This lack of training and development practices can partial be explained by this cluster’s individualistic society form. The collectivistic nature of Asian countries may to a degree explain why the managers in the Asian cluster were consistently satisfied with their current practices. The Asian countries satisfaction was totally contrary to that of the Latin American and Mexico. The latter country cluster perceived most of the training and development practices to be inept and in need of much improvement. This can in part be explained by the turbulent economic situation in the countries in this cluster.

The tentative conclusion that can be drawn from the current data about training and development practices is that there are not any universal practices yet. There are however significant similarities in different clusters of countries that have a comparable cultural values and economic situation. The results show that context has a major impact on the use and preference of training and development practices. This information could be used in future studies to determine what impact a country’s political and economic situation has on an organization’s training and development practices.

1.3.1.1.3 Performance appraisal practices⁴

The ultimate objective for the use of performance appraisal practices is to control the individuals in an organization in a manner that makes them achieve a maximum level of performance. Performance appraisals can involve developing social and performance norms in the employees, monitoring the employees’ acquisition of these and by providing rewards or punishment based on the employee’s performance in regards to the coveted norms. The means by which this is done and the specific purpose varies greatly between countries and there are hardly any empirical studies in the area. The researchers from the Best IHRM practices project group wanted to empirically determine the current purposes of performance appraisal in the nine different countries and region but also possibly find out what the ideal performance appraisal practices in these countries are.

The project group used eleven different items to examine the purposes of different performance practices. When presenting the results they decided to group them into the following groups: The administrative group which includes items that ask about performance appraisal practices that have an administrative purpose, performance appraisal items that had purpose of documentation were placed in the second, the future development group focused on items that had to do with the future development of the employees and finally the group for the items that comprised the subordinate’s chance for own expression in appraisal reviews. Following are the groups and items that were included in the questionnaire:

⁴ Summary of the results presented by John Milliman, Stephen Nason, Cherrie Zhu and Helen De Cieri in “An exploratory assessment of the purposes of performance appraisals in north and central America and the Pacific Rim”, *Human Resource Management* Spring 2002, Vol. 31, No. 1, pp. 87-102

Administrative group

1. To determine pay
2. For salary administration
3. To determine promotability

Documentation group

4. Document the subordinate's performance
5. Recognize the subordinate for things well done
6. Evaluate the subordinate's goal achievement
7. Identify the subordinate's strengths and weaknesses

Future development group

8. Plan development activities of the subordinate
9. Lay out specific ways in which the subordinate can improve performance

Subordinate expression in appraisal review

10. Discuss the subordinate's views
11. Allow the subordinate to express feelings

The results from the study show that the various performance appraisal practices are currently only used on a low to moderate basis in all of the studied countries. The desired levels are on the other hand high indicating that the countries ideally would want to implement performance appraisal practices to a higher extent in their organizations. The results also show, despite of the common denominator of low ratings, that the different countries vary quite a bit in their responses to which type of performance appraisal practices that was used. Factors such as the cultural context, which was not taken into account in this study, are believed to have a major impact on these differences.

The researchers discovered some contradicting results. For example: the first group, which asked about the use of performance appraisal for administering pay and promotion, got low ratings by all countries for its present usage. The research group had expected that individualistic countries such as Australia, Canada and the US would have a higher emphasis on discussions about promotion in their performance appraisals. The administrative group however got high ratings from all the countries except for Latin America and Taiwan when asked about the desired level of usage. The researchers had also expected that the development group would be rated higher than it actually was. With the exception of Canada and Taiwan this group was given a moderate to low emphasis instead of a high when HR-practitioners were asked about the present usage contrary to popular research in the area. When asked about the desired level there was an indication that this group should be highly prioritized.

Hardly any conclusion can be drawn from this part of the study other than that the area of performance appraisal in an international setting needs a lot of further research in order to determine how the present practices should be changed and what new practices that should be implemented in organizations in order to achieve a system for performance appraisal that has the desired impact on employee and organizational performance that are presently lacking in organizations.

1.3.1.1.4 Compensation practices⁵

Compensation or pay practices' main function is to attract, motivate and retain desirable employees. International managers are faced with a dilemma because the compensation practices that attract, motivate and retain workforce in one country may not have same effect in another. Much of the studies that have previously been conducted in the area of international compensation practices have unfortunately focused on the expatriate manager, which is a very small percentage of the entire workforce. The researchers in the Best IHRM practices project wanted to examine the role of pay and benefits in an international setting. They wanted to examine the similarities and dissimilarities between pay practices in different countries and what practices that preferred and desired and possibly explain why there might be a gap between desired and used practices. They also want to find out if these preferences and desires coincide with those of the employees. By examining the gaps between the actual practices used and the desired ones the researchers hope take the first step in designing and implementing new and more effective compensation practices that not only help to maintain the employees motivated but also to maintain a behavior consistent with the organizational goals. The researchers had the HR-practitioners respond to the following nine items about their compensation practices:

1. Pay incentives are important to compensation strategy
2. Benefits are an important part of total pay
3. Pay is contingent on group or organizational performance
4. Long-term performance is emphasized over short term
5. Seniority influences pay decisions
6. Pay incentives are a significant amount of total earnings
7. Benefits are generous
8. Pay system has a future orientation
9. Pay raises are determined by job performance

When presenting the results about the compensations practices the researchers decided to present them in four different groups: pay incentives, benefits, long-term focus and seniority. The pay incentives group comprises the responses from the items number 1, 3, 6 and 9. There were some unexpected results from the pay incentives groups. The most noteworthy ones were that the countries with an individualistic culture did not favor pay incentives to the degree that was anticipated. Individualistic countries such as Australia, Canada and the US surprisingly rate their use of incentives as a significant amount of their employees' pay lower than all the other countries in the sample. All the countries in the sample rated this item low and there seem to be a consensus worldwide that employees do not want a big portion of their pay to be a form of incentive and thus a risk. They individualistic countries did also not distinguish themselves much from the collectivistic countries when it came to having part of individual employees' pay be contingent upon group performance. The group of benefits consisted of items number 2 and 7. The results form this group showed that benefits are an important compensation practice for all the countries in the study and they would all like to utilize the practice to

⁵ Summary of results presented by Kevin B. Lowe, John Milliman, Helen De Cieri and Peter J. Dowling in "International compensation practices: A ten-country comparative analysis", *Human Resource Management Spring* 2002, Vol. 31, No. 1, pp. 45-66

a greater and more generous extent. The third group of items with a long-term focus on compensation practices consisted of the responses to items number 4 and 8. The collectivistic countries such as China, Indonesia, Japan and Taiwan rated their compensation system to have a higher emphasis on long-term than did the individualistic countries. There was however a clear pattern across all the countries about a desire to have a more futuristic pay orientation. This item, number 8, was also the item that was rated the lowest for its present usage. The final group that focused on seniority's role in a company's payment practices was covered by the responses from item number 5. There was a clear agreement that the use of seniority as factor in pay decisions is obsolete and it is not a practice that the researcher believe is going to be emphasized much in the future. The collectivistic countries have a slightly higher usage of this practice than the individualistic ones but this is something that is believed to change in the future.

In light of the results above it is imperative that the HR-practitioners have a knowledge of the country's in question employment and taxation laws, customs, employment practices and the effect of inflation on compensation, in order to successfully design an effective compensation system.

It is difficult to draw any, even tentative conclusion from the results from this study. The study has however provided insight about the dangers of exporting compensation practices but also the dangers of blindly adapting the local compensation system. Being locally responsive might not ensure that the HR-practitioner is giving the employees the kind of compensation that they prefer. The best advice would be that the HR-practitioner finds a balance of the two.

1.3.1.1.5 Summary of the results

The researchers set out to examine whether human resource management practices are context free, context specific or context dependent. Even though the results are tentative they show that the majority of HRM practices are context specific, which indicates that they are effective in one country but not necessarily transferable to another country with another contextual setting and background. They did however notice a movement towards convergence in certain HRM practices such as the personnel selection practices. The hiring practices are converging due to the rapid advancement of the information technology and globalization. The training and development practices were generally context specific but some clusters of countries, with comparable cultural values and economic situations, showed significant similarities in their used and preferred HRM practices. The performance appraisal practices were generally context dependent indicating that they are so dependent of a specific country's societal and organizational conditions that it is hard to successfully and effectively replicate them in another country. The results from the performance appraisal and compensation section were too inconclusive and did not render any significant conclusions other than that more research is necessary to improve these parts of international human resource management. It is important that the international HR-practitioners find a balance between exporting practices from the parent country and being locally responsive.

The HRM practices that could be considered context free or universal, i.e. practices that are generally applicable and effective across different nations regardless of the societal

and organizational contextual conditions, are the use of technical skills as a selection criterion when recruiting personnel and that the use of pay incentives as a large portion of the employees' pay is not desired. Von Glinow et al. (2002) also regard the following compensation practices: the continued use of benefits, an emphasis on individual performance rather than on group/team or organizational performance and a reduced emphasis on seniority as practices that will converge in the future.

The overall conclusion that can be drawn from the results from the Best International Human Resource Practices Project is that the "best" practices are those that are best adapted to diverse countries cultural and national differences.

1.3.1.2 Critical analysis of the Best International Human Resource Management Practices Project

One of the most prominent critiques that I have on the Best International Human Resource Management Practices Project is the evident North American positivist approach to research that has a focus on rigorous quantitative measures, which both Poole (1999) and Teagarden et al. (1999) discuss. There is a need to accommodate context in cross-cultural research and this is very hard to do with a positivist research approach even though the project group has done their best to do this. There are also obvious problems when it comes to cross-cultural research in avoiding one's own cultural biases, the sampling, translations, measurements, data analysis and interpretation.

There were no European or African countries included in the sample which makes it inappropriate to talk about "best international human resource management practices" since this implies that they would be applicable worldwide. It was perhaps a premature assessment of the project. The majority of the sample studied was male. This could be explained with the fact that the sample consisted of managers and engineers that are predominantly male occupations. I believe that project would have yielded different results if the sample consisted of an even division between the sexes or if the majority were female.

I question the use of the word "best" by the project since I agree with Poole (1999), Harzing (2) (1995) and Schuler (2000) that there is not necessarily one best human resource practice or set of practices. They think that the best human resource practices are linked with a specific organizations distinctive organizational strategy, structures and processes. Even though the wording "best" is used by the project group this was an ideal that they were hoping to reach to different extents depending on the practice and they were primarily trying to benchmark HRM practices globally and build a grounded theory of comparative management research methodology. They were hoping to find that some practices were universal and that they could serve as a common denominator across different cultures and nations and these "best" practices were believed to be related to organizational effectiveness in different countries.

Partially as a result of some of the above mentioned critiques of the Best IHRM Practices Project and a genuine interest in IHRM and its development and advancement I have decided to conduct a study on Swedish born global subsidiaries in California

with the intention to come by information that can lead to organizational development in these organizations by utilizing the available human resources competently and implementing efficient international human resource management practices. The following subsection is a presentation of my purpose and research questions that I hope that the study will answer.

1.4 Purpose

The purpose of the thesis is to examine and describe the international human resource practices in Swedish born global subsidiaries based in the California and to contribute with information on development possibilities for these organizations.

1.4.1 Research questions

- What IHRM practices are currently used in the Swedish born global subsidiaries based in California? What personnel selection-, training and development-, performance appraisal- and compensation practices are used?
- How does the current IHRM practices at the subsidiaries in California differ from HRM practices in Sweden according to the HR-practitioners at the subsidiaries? Are these differences a response to cultural and other contextual variables?
- Do the subsidiaries have an ethnocentric, polycentric or global attitude towards IHRM? How do these attitudes affect the IHRM practices?
- Is there any correlation between the results from the Best IHRM practices project and the results from this empirical study?
- How could the current IHRM practices advance and develop to increase the chances of designing and implementing effective IHRM practices in Swedish born global subsidiaries based in California?
- Are there best international human resource management practices for Swedish companies or subsidiaries based in the United States? If there are, what are they?

I want to examine to what extent the results from my study correlates to the results in the Best IHRM practices project and eventually contribute to an increase of validity and reliability of the project by including Sweden amongst the studied countries.

1.4.2 Limitations of the study

I will only examine a sample of Swedish born global companies operating in California and will not generate any generalizable information of exact or precise development possibilities for international human resource management practices in similar organizations.

2. METHODOLOGY

A great multinational study on international human resource management practices has previously been conducted but Sweden was not among the countries in the sample that was assessed in 2002. Partially as a result of this I have chosen to research and examine the international human resource management practices of Swedish born global subsidiaries in California by interviewing human resource practitioners at these subsidiaries. On top of examining the IHRM practices for Swedish companies I want to compare my results to those of the multinational project and see if I can find any similarities or discrepancies.

2.1 Methodological considerations

The purpose of my thesis to study the international human resource practices for Swedish companies in California and development possibilities for these determined my use of a qualitative study with an inductive research strategy. This research strategy falls under the interpretive/constructivist or qualitative paradigm of research, in which the cornerstone is that reality is socially constructed (Mertens, 1998). The reason for the inductive research strategy is the lack of theory in the area. I intend to find hypotheses or theories about the phenomenon rather than testing already existing theories, which would result in a deductive research strategy instead. (Merriam, 1998)

I used a grounded theory method in combination with collective case approach. The research method of grounded theory aims to derive a theory from the collected data. (Merriam, 1998, Mertens, 1998) In my case I aimed to develop a theory of “best” international human resource practices for Swedish companies in California. The aim of the collective case research approach is to lead to a better understanding of a phenomenon that can be generalized to a greater population, in this case other Swedish companies in California, by studying a number of selected cases. (Stake, 2000, Merriam, 1998) I wanted to study a number of cases, Swedish companies in California, and to analyze their human resource management practices and eventual possibilities for development and refinement. I wanted to hopefully find practices or modifications of current practices that can be implemented in Swedish companies in California, which will develop them organizational wise and lead to more efficient operation.

I used a criterion-based, purposeful or theoretical sampling method, which means that I selected a sample from which I thought that I could learn the most, i.e. information-rich cases. (Merriam, 1998, Mertens, 1998) I contacted the Swedish Chamber of Commerce in Los Angeles and The Swedish Trade Council for assistance in locating appropriate companies for my sample. My basic selection criteria was that the companies in my sample should be a Swedish based company or subsidiary in California, i.e. with their headquarters in Sweden, with a human resource department or human resource practitioner. I tried to find companies in a variety of business areas and of different sizes in order to have a selection of companies from which I could generalize information to other Swedish companies in the area. Stake (2000) states that even if a small population may not generate generalizable results or perhaps even contradicting results it is still

useful information since it might guide future researchers' analysis of the area in question.

2.2 The companies and participants

As previously mentioned I started off my search for Swedish companies based in California by contacting the Swedish Trade Council and the Swedish Chamber of Commerce in Los Angeles. The Swedish Trade Council provided me with a list of all the Swedish companies that are registered with them. This list contained everything from little family companies with no employees to multinational corporations. The list contained about 50 different companies and I began by familiarizing myself with each one to find out which ones fulfilled the required criteria for the study. I did this by reading through their web pages and in some cases calling the company if they did not have any address on the Internet. This resulted in that companies without any employees were taken off the list. There were also companies that called themselves Swedish without having any real connection to Sweden other than the fact that the founder was of Swedish origin and these companies were also excluded. After this I was left with a promising, even though it was not very extensive, list of twenty potential companies where I wanted to conduct my study. I commenced by calling all the companies and asking to speak to the person in charge of human resources which in almost all cases left me with an answering machine message saying that the person I was looking for was not available but that I should leave a message and that they would get back to me. I left a message explaining who I was and what my intentions were on numerous occasions over a period of time but did not get any responses so I decided to e-mail them instead.⁶ This resulted in a few e-mails explaining that they unfortunately did not have time to participate in such a study. At some of the larger companies where I did talk to somebody I was regrettably informed that they did not have their human resource department in California and they referred me to the east coast where they were located instead. Due to the geographical distance I disappointingly had to exclude these companies from my list too.

To find companies or human resource personnel willing to set some time away to participate in an interview was to my dismay much harder than I had anticipated when I first started working on my thesis. There seems to be a different attitude towards participation in studies by companies in California and this can probably be explained by the fact that it is not considered to be cost efficient. Another factor that I think plays a major role is the fact that there does not exist a tradition for companies to partake in students work to the degree that I am used to from Lund University in Sweden. During my years of study at Lund University I have been in contact with companies numerous times for everything from simple papers to my bachelor's thesis and I have never come upon anything like the resistance that I felt in California. I believe that it might have been easier if I per se was working on my PhD but I still think that the companies' constant need for cost efficiency would have a significant impact. Most companies would probably only participate if they could see a direct possible gain for the company by doing this.

⁶ See appendix 1 page 53

I did however manage to come in contact with three companies that were willing to participate in my study. I cannot say that they were my first pick from the list due to the fact that they are so called born global companies, but they fulfilled the criteria of being a Swedish subsidiary with their headquarters in Sweden. The intention that I had when I started my empirical study was that I wanted to interview HR-practitioners at Swedish companies in California that had followed the traditional pattern of internationalization. The likelihood that companies that have followed the traditional pattern would have an established HR-department or at least a HR-practitioner is higher than at the born global companies for reasons such as size and the life-length of the company. An existing HR-department or practitioner would have made it easier for me to compare the results with those from the Best IHRM practices project. Thus explaining why the born global companies were not my first choice. I do however think that this unforeseen twist has enabled me to see further than the HR-practices of the traditional companies and forced me to focus on the less traditional companies and the IHRM practices for their category.

The fact that the three companies where I conducted interviews were all born global companies is simply coincidental. I think that factors such as the presidents being Swedish and young and that the companies were relatively new in the region explain why they were more responsive to participation than the other Swedish companies in the region. The interviewees had all graduated from Swedish universities and perhaps recognized themselves in my work as a Swedish student and the frequency of this type of assignments at Swedish universities. It is also possible that they had not adapted the cost efficiency attitude that was so prevalent in the other Swedish companies that had been there longer due to the fact that they were relatively new on the US market. Another possibility might have been that they considered the interview an ample opportunity to learn something about international human resource management.

The following are descriptions of the three companies and interviewees featured in the study. None of the companies had a separate human resource department or a particular individual working specifically with these kinds of questions so the human resource responsibility was taken care of by the president of the company. The primary reason for this was the small size of the companies. They all believe that such a position would be created once or if the companies expanded and employed more personnel. The companies' names will not be disclosed since I do not believe that it is relevant for the study and due to the fact that one of the companies requested to remain unnamed.

2.2.1 Company A

The company that will be referred to as Company A was founded in 1996 by a group of four researchers in applied physics at a University of Technology in Sweden. The company works with research projects that have been conducted in Sweden since the 1970's and the researchers had their major breakthrough in 1995 when they through joint efforts discovered and patented a whole new way of extracting mass and viscous parameters for surface analysis in liquids, based on the quartz crystal microbalance (QCM). The company's product is a device that measures the changes in the mass and viscoelasticity of materials. It is primarily used for research in fields such as protein absorption, cell and bacteria adhesion and polymer coatings and it is utilized both by the industry and by universities.

The company has 9 employees at the headquarters in Sweden and 3 at the subsidiary in California. They do not have any other subsidiaries but they work with distributors and agents all over Europe. Company A is presently in the process of hiring another employee for the subsidiary and they are on the verge of starting up another subsidiary on the east coast.

I interviewed the president of the Californian subsidiary and he has worked for the company since it started and he established the subsidiary in 1999. He has an engineering degree and does not have any formal human resource management training but he has the sole responsibility for these questions and practices in the subsidiary.

2.2.2 Company B

In 1997 a company that specialized in IT security was formed and the company will be referred to as Company B in this thesis. The two Swedish founders had patented a new technology for a high security solution that would offer a high level of protection for certain PCs. The company's product was in its development process up until 2000 when a prototype of the product was ready to be exhibited to potential clients. The company offers a product based on the Public Key Infrastructure solution and it is installed on a client basis instead of the traditional server based security measures. It is primarily aimed at a limited number of PCs within a company, which are considered to contain very sensitive information.

Company B presently has a total of 15 employees, where of 7 are located at the Californian subsidiary. They feel that they due to the tough economic times have reached a plateau and are therefore not planning on adding on any personnel in the nearest future. In a worst-case scenario the might have to let some employees go.

I talked to the president of the Californian subsidiary, which is the only one and they are presently not considering any further establishment in other foreign markets. The president has a computer engineering background and he is in charge of all the human resource management at the company.

2.2.3 Company C

Company C was formed in 1999 through a merger between two Swedish financial companies and it is a provider of digital payment solutions. The two previous companies had existed for about a year and a half each at the time of the merger and they had reached the digital payment market in different ways. One had focused on application development and the other on consulting and the merger resulted in a more complete offer to the customers. Company C acts primarily as an intermediary for companies that do online business with clients from a number of different companies. They act as the link and consolidator between its clients and different banks and thus reducing its clients' need for different external relationships with banks and other financial institutions.

The company has a total of 65 employees, of which 4 are based at the subsidiary in California. The subsidiary was established in 1999 and it has had as many as 15 employees but they were forced to cut down due to financial hardship. They have turned

things around and are in the process of hiring 2-3 new employees in the next few months.

I interviewed the president of the subsidiary who was recruited three years ago to establish the Californian subsidiary for the company. He had prior to this assignment worked for another Swedish company in the region. The president has an engineering degree and does not have any formal human resource management training but he is in charge of everything that falls under that department.

2.3 The interviews

My aim was to conduct qualitative interviews with at least three HRM practitioners in different US based Swedish companies using the attached interview guide.⁷ I believe that a sample of three companies is sufficient to retrieve the information that need to conduct my study, taking into account the size of the study and available funds. (Kvale, 1996, Mertens, 1998) The sample size might be considered too small for the grounded theory method in which Mertens (1998) recommends approximately 30-50 interviews. I however do not believe that you can consider my study to be totally constructed after the grounded theory method but I think that my study follows the main principles of the research method.

I chose interviewing as my qualitative method of collecting data since I cannot observe or retrieve the information that I am seeking from existing documents. (Merriam, 1998) Documents other than the companies' home-pages on the Internet were unfortunately not obtainable despite my request. I used semi-structured interviews during which I used an interview guide with open-ended questions, which enabled me to be more flexible but at the same time make sure that the essential areas were covered. (Fontana & Frey, 2000, Kvale, 1996, Merriam, 1998) My interview guide mimics, but it is not a direct replica of the one used during the Best IHRM practices project to enable me to compare my results with the project's. I understand that the results will not be directly comparable because of factors such as the project used a written survey, which was more extensive than my interview guide and it contained specified items with exact responses. It was a highly structured survey with a high degree of standardization unlike my interviews. I nonetheless believe that my interviews will render interesting information that can be discussed in conjunction with the results from the Best IHRM practices project. My study is a much smaller version of the project and I believe that interviewing instead of sending out written surveys will contribute to a higher response frequency and perhaps more exhaustive answers.

The interviews were recorded in order to allow me to listen and follow up what is being said instead of having to concentrate on writing everything down during the interview. Silverman (2000) suggests that it is impossible to remember everything that is said and not said during an interview even if you take detailed notes during the interview, which makes an audio-recording an ample instrument for better recollection. The recording also allowed me to go back and re-listen if I needed clarification on what exactly was said. One drawback with recording the interviews might have been that it makes the

⁷ See appendix 2 page 54

interviewees uneasy and more self-conscious about what they say. I did not take notes during the interviews because I believe that this might distract the interviewees and hinder a smooth flow of the conversation. Instead of writing down my impressions and thoughts in direct conjunction of the interviews as Merriam (1998) suggests I recorded these reflections after the interviews on the tapes.

The interviewer, which is the research instrument for data collection, plays a vital part for the outcome of the study. The outcome is dependent of the interviewer's knowledge, sensitivity and empathic abilities. (Kvale, 1996, Merriam, 1998, Mertens, 1998) I am quite comfortable with the role as an interviewer in view of the fact that I have taken a course on conversational and interview methods at Lund University. I also have exhaustive experience of interviewing from previous work experience as a recruiter. I believe that this experience has made me more at ease while interviewing allowing me to listen attentively and to follow up on what is said without losing the original train of thoughts.

The interviewees chose the time and place for the interviews and they were all conducted in the conference room at the company in question in a span of three weeks. All the interviews were held in Swedish since this is the native language of both the interviewees and the interviewer. When I had first presented myself to the company I had done so in English but the interviewees were fast on letting me know that we could speak Swedish once they learned about my origin. As the interviewees felt more at ease when we switched language to Swedish from English I did not make any effort to switch back. I started off each interview by explaining who I was and the purpose of the study and interview just as I had done over the phone previously. I also asked for their permission to record the interview, clearly stating that it was merely for my own analysis and work with the recorded material. Even though I had an interview guide the order of questions or subjects varied greatly between the interviewees. The interview guide was used as a checklist to insure that everything was covered by the end of the interview. Every question in the interview guide was asked during the interview and numerous follow-up questions and probes usually followed up the questions. This way of spontaneous interviewing often results in more impulsive, elaborate and unexpected answers from the interviewee (Kvale, 1996).

2.4 Analysis and interpretation of the data

I wrote down the entire transcript of each interview in close conjunction to the time of the interview in order to preserve my own reflections during the interview and things that were not necessarily said during the interview but that might have been implied non-verbally. The interviewer's perception of the interview is an essential part of the interpretation of the acquired information and it should not be dismissed in the analysis and presentation of the results (Kvale, 1996, Silverman, 1995).

Each interview took an hour to an hour and a half and this resulted in approximately 15-25 pages of word-for-word transcripts from each interview. This method of transcribing data enabled me to go back to the transcripts and get a feel for how things were said since pauses and hesitations are included but it is not by any way grammatically correct and it may be hard for someone that was not present at the interview to easily

comprehend what was said. Ideally one would let the interviewee read through the transcripts in order to verify, correct or clarify what was said in order to avoid misunderstandings and increase the authenticity. Due to time constraint I did not let the interviewees read through the transcripts but I believe that most misunderstandings or clarifications to what was said or meant were addressed during the interviews.

I used the constant comparative method to analyze the material from the empirical study. This method involves a continuous comparison of the available data, which is essential in the grounded theory method. In grounded theory the initial or emerging theory is always tested against data that is systematically collected. I first analyzed every individual interview to try and find information that has bearings on my study and then I compared the findings from the different companies to each other, i.e. cross-case analysis. During the cross-case analysis I tried to find results that are applicable to all the cases even though the results from the individual cases might vary. (Merriam, 1998, Mertens, 1998, Silverman, 1995)

2.5 Validity and reliability

Validity and reliability are central features in all scientific research and experiments. Validity has to do with whether or not a measuring instrument measures what it is intended to do and if these results can be generalized to other situations. Validity can be divided into internal and external validity. Internal validity has to do with to what extent the research findings match reality. It questions whether or not the researchers are measuring what they think that they are measuring. Ways of increasing the internal validity are using multiple sources, taking data and tentative interpretations back to the people who they were derived from and asking them if the results are plausible, repeated observations of the same phenomenon and by discussing your findings with colleagues. The external validity deals with the extent to which the results from a study can be applied to other situations. For a study to have high external validity requires that the study also has high internal validity since whether or not useless results can be applied to other situations is irrelevant. (Merriam, 1998, Mertens, 1998, Silverman, 1995)

Reliability has to do with whether or not a measuring instrument or situation measures the same at different occasions, i.e. if it can be replicated. For perfect reliability to be achieved requires that there exists only one reality that can be measured over and over again resulting in the same outcome every time. The fact that no two qualitative studies will yield the same results does not mean that the results should be discredited for low reliability. One should instead discuss whether or not the study's results are consistent with the data collected. In qualitative studies, where the researcher is the primary instrument for data collection, researchers try to increase the reliability of the study by refining the instrument for data collection, themselves, through training and practice. Researchers can increase the dependability of the results by using multiple methods of collecting data and it is important that the researcher candidly explains the theory behind the study and process that lead to the acquired results. (Merriam, 1998, Mertens, 1998, Silverman, 1995)

I have tried to improve the reliability and validity of my study by explaining every step in the process as explicitly as possible. I believe that this will give the readers and other researchers a better understanding of how I reached the results that I did. I have tried to improve the internal validity of my study by using multiple sources of information. I have interviewed three different companies and I asked for additional sources of information such as the companies' HR-manuals but I was unfortunately denied. I also discussed my findings with fellow students and my advisor during the process of collecting and analyzing the data. I believe that my collective case study approach will also increase the external validity of my study and make my results generalizable to other companies similar to the ones in my sample.

2.6 Objectivity and ethics

The use of qualitative interviews as a method of collecting empirical material cannot be regarded as an objective or subjective method on its own. It is collected material that can be either objective or subjective depending on the used definition of objectivity and the field of research. An objective interview is one where the interviewer actively works on not prejudicing the study by not letting previous knowledge or hypotheses influence the interview situation in order to be able to present a correct interpretation of the interviewee's reality. A totally objective interview may be considered a utopia since it is unrealistic to expect that an interviewer should be able to control all prejudicing influences. (Kvale, 1996) Prejudicing influences include factors such as the interviewer's race, class, ethnicity and gender. (Fontana & Frey, 2000)

My intention is to remain neutral to the phenomenon of "best" international human resource management practices for Swedish born global subsidiaries in California and thereby not have an aim to try and prove the existence of the phenomenon or unintentionally modify or interpret the results to fit a preconceived notion. I am interested in finding data that support the ideas in my literature review as well as data that contradicts it in order to get an as comprehensive and realistic picture of the research area as possible. Factors such as gender and ethnicity are impossible for me to control and I have to accept that these factors might prejudice my study.

Kvale (1996) and Mertens (1998) point out that it is important that all the participants in a study are informed about the purpose of the study and how the results are going to be presented and that they give their consent before the actual data collection is initiated. Given that all the participants in my sample did not consent to my initial form of presentation and one of the companies requested confidentiality and anonymity, the companies' names will not be disclosed in the study. I do not believe that this request impacts the study in any significant way other than that it complicates the possibilities of a direct replication of the study. Due to this request no references have been made that can be directly correlated with a specific company in California. As Stake (2000) put it, something of a contract or a moral obligation exists between the researcher and the researched.

2.7 Critical analysis of the information source

The information rendered from the interviews is biased in the sense that it first and foremost applies to the specific individuals that were interviewed. The results are only directly applicable for the companies studied at the time of the study. If one were to replicate the study in a year the results may be very different due to the rapid evolution of companies of this sort. I agree with Merriam (1998) and Silverman (1995) though that one should discuss whether or not the study's results are dependable and consistent with the data collected. Whether or not the data collected is dependable and consistent depends primarily on my performance as a researcher. Since I believe that I have controlled and refined the data collection and interpretation process to the best of my knowledge I consider the data to live up to these criteria, which makes the results generalizable to other companies in the same situation.

3. RESULTS

The following chapter is a descriptive presentation of the findings of the empirical study. The results are presented similarly to the presentation of the Best IHRM practices project's results in four groups: personnel selection practices, training and development practices, performance appraisal practices and compensation practices, in order to make comparisons easier. This section of the thesis seeks to answer the first two research questions about the international human resource management practices that are currently used and the HR-practitioners' personal views and opinions about their work with human resources at the subsidiaries in California.

3.1 Personnel selection practices

All the interviewees agreed that personnel selection practices are essential for the survival and prosperity of the company but they went about it different ways. Company A had yet to hire any natives after 3 years of establishment in California. They had deliberately exclusively hired Swedish personnel in order to avoid cultural clashes that the president of Company A thought might arise. Company B experienced a similar situation their first years in California and they did not hire any natives until last year, 2001, for reasons similar to that of Company A. Company C on the other hand recruited both Americans and Swedes when they started up their subsidiary in California. The Swedes were primarily recruited from the headquarters in Sweden mainly as a means of knowledge transfer. They were hired on 2-year contract specially drafted for them and they were to return to Sweden after completing their assignment of teaching the new organization about the Company C's products and routines. The other employees were Americans recruited after they had responded to ads in the local press and on job sites on the Internet. Both Company A and B had contrary to Company C consulted with an agency called Swedelink, that specializes on assisting Swedish companies with establishment in California. The agency supplied them with different Swedish networks present in the area upon their arrival. Company A searched for employees primarily in the network for the Swedish Chamber of Commerce (SACC) and an organization called SVEA, which originally was an organization for Swedish housewives. Currently it consists of a variety of women with different connections with Sweden. It was amongst the members of this organization that both company A and B found some of their employees.

The reasons that Company A and B gave for their personnel selection practice of exclusively hiring Swedes was that they felt like novices in many regards, both in the American society and as recruiters. They thought that having a Swedish cooperate culture would facilitate the establishment the first few years. They had prior to the leaving Sweden been told that American employees need more structure than Swedes and they had personal experiences from working with American clients that suggested that it would be hard, at least initially to find common grounds to work with. The president of Company A's primary reason for hiring Swedes was that he did not believe that Americans can be as flexible and work as independently as Swedes and these were factors that he considered essential particularly in the beginning. Now that the company

was in process of hiring their first American employee he believed that they needed to implement more supervisory elements in the organization in order to partially live up to the American employees expectations and to insure that he remained on track. He did not believe that a Swede would require the same controlling elements. The president of Company A expressed himself in the following way:

I felt rather novice and Swedish and felt that it would be easier if we continued having the Swedish culture and communication patterns in our company simply put and that's why we started to look for employees in the Swedish networks ... Swedes can handle diffuse work assignments easier ... an American requires much more structure and they aren't as self-reliant, generally speaking ... a Swedish sales person is more loyal than an American who tends to be more optimistic.

The president of Company C believes that Swedes are less confrontational than Americans and that problems can arise at the workplace due to such cultural differences, e.g. what a Swedish employee and supervisor might perceive as a direct order might be interpreted as a recommendation by an American causing irritation and conflict.

Both Company A and C are currently in the process of hiring new employees. Company A is about to hire another Swede for the Californian subsidiary as soon as all the necessary paper work and visas are ready. This person is intended to take over after the current president whose assignment of starting up the subsidiary soon can be considered completed. Apart from that the company is also looking into finding an appropriate headhunter that will be able to recruit an American that is planned to establish a subsidiary on the east coast. A considerable amount of money is going to be invested in finding and training this American and substantial work needs to be done in the Californian subsidiary before this expansion will take place. All the available documents and manuals at the Californian subsidiary will for instance have to be translated to English since the current condition of these is a mixture of English and Swedish.

Company C is currently looking for employees after having a rough year financially they are now entering better times and therefore expanding their organization. They are planning on recruiting 2-3 employees in the next few months and they have discussed whether or not they should be home country nationals or natives. They did not come to a unanimous decision and decided to put out an ad first and see who applies for the jobs before deciding whether or not they will have to bring somebody over from Sweden. The reason for bringing somebody over, according to the president, would be to save the time and resources that it would take to train an American that did not have any experience from their field of business.

3.2 Training and development practices

A company's training and development practices can be a vital instrument to create a competitive advantage. All three companies had implemented a form of regular training and development system for their employees with technical responsibilities. It is very important for all the companies that their technicians have the latest knowledge in their

field to maintain a competitive edge. The technicians' competence is sustained at a high level by sending them to both externally and internally organized courses in relevant areas. The companies also send their sales personnel on regular conferences on sales- and marketing skills, globalization and others that are applicable to employees' individual cases.

When it comes to the training that might be necessary to prepare an employee for an overseas assignment the only company that had a somewhat developed plan for this was Company C. The president of Company C told me about a document that they use, which is handed out to everyone that gets an overseas assignment in the US containing primarily practical information such as how to pay bills, local taxes and other practical and useful information about living and working in the US. Companies A and B did not have any training or document and had to depend on their own judgement and personal preparations for the assignment. They did however feel prepared when they arrived due to their past experience with the American market and discussion with previous expatriates about their experiences.

The American that is going to be specially recruited to establish and run the subsidiary on the east coast for Company A is expected to go through rigorous training before starting his or her actual work. The company considers this person an important investment and is planning on bringing him or her over to the headquarters in Sweden for a meticulous introduction to the company, personnel, culture and routines.

3.3 Performance appraisal practices

There are a number of different performance appraisal practices and a variety of reasons for using them, of which the main objective is to control the individuals in a manner that makes them excel in their work performance. Even though the major aim is to achieve a higher level of performance the presidents in Company A and B did not use this practice to the level that they desired with their subordinates. Their goal was to conduct a performance appraisal on a yearly basis but due to various factors this goal had not always been reached and in some cases not even attempted. The reasons for this, according to presidents, were hard financial times when other actions within the company were prioritized and that they considered that some parts of the workforce had a static work where the job assignments did not change much from year to year, e.g. secretaries. When performance appraisals had been conducted the main purposes had been administrative, i.e. to determine their pay and for salary administration, but also a chance for the employee to express his or her feelings about the work situation. A common feature for the three companies in the sample is that they are flat organizations without any emphasis on hierarchy. There are open ways of communication, both up and down the organizational structure. This has partially to do with their small size but also with the fact that everyone is diligently working towards the same goal. The fact that emphasis is put on having employees express the opinions and views during performance appraisal reviews is reflected in the organizational climate and culture. The president of Company A fears that the organization will become more rigid and that the communication flow will slow down when more Americans become a part of the organization.

The president of Company C thought that they had had a rather extensive performance appraisal system in his company until they experienced financial difficulties but he is picking up where he left off now that times have changed for the better. Their performance appraisal system consisted of a mixture of different larger companies appraisal systems that he considered appropriate for the company and it included appraisals of everything from the employee's work related competence and achievements, relationships with coworker to determining his or her pay. It was first conducted on a six-month basis but is now performed yearly.

When asked about the presidents' own performance appraisals it was obvious that these were extremely well planned and thought through, especially the performance appraisal of the president of Company A. He had a performance appraisal review every six months to which a half a day or day had been set aside. This was apart of his overseas contract with the company. During the appraisal a lot of emphasis was put on past performance and on future development. He believe that a partial reason that his own performance appraisal was so thoroughly conducted was because his immediate supervisor has worked as a human resource manager formerly and really understands the value that can be gained from it.

Since the presidents did not have any formal training on how to conduct performance appraisal I asked them how they did this and how they prepared themselves. The presidents of Company A and B informed me that they had a Human Resource Manual in which there were brief directions and guidelines on most human resource management issues including performance appraisals. Company A and B's manual was retrieved form the American Labor Association's web page and it is a standardized manual with HR-information and commonly used HR-practices. It was not a product from the headquarters in Sweden. Both presidents had made necessary changes to match it and make it applicable in their organizations. The president of Company C had the above mentioned compounded manual.

3.4 Compensation practices

Compensation practices' main function is to attract, motivate and retain desirable employees. Company B and C have created a benefits package for their employees that they hope fill this function. The president of Company C claims that they have a benefits package that would be considered generous if compared to what one can expect benefits wise from other companies in the same field of business in the US. The package contains 4-5 weeks of vacation instead of the ordinary 2 weeks. The employees are able to make a choice of a higher pay or extra vacation time depending on the employee's personal preference. The president of Company C describes the benefits package in the following way:

We have tried to have more of a total package contrary to many other companies in the US. We have tried to work with benefits such as vacation, sick leave, retirement plans etc. In these areas the employees have received more in our package deals than they could expect from most other companies in similar situations in the US ...

we have used our package while recruiting both Americans and Swedes.

The president of Company A thinks that the lack of benefits is the biggest difference in American compensation practices in comparison to Swedish. On the other hand he believes that one is able to make a lot more money in the US if you set your mind to it. He thinks that one can really live the American dream and it is okay to be and want to be wealthy. The pay level is also higher in California even if you take the higher cost of living into account.

The president of Company C believe that Swedish employees expect a lot more from their employers when it comes to benefits. They expect the company to take care of them. Americans on the other hand value their pay higher than benefits and it is primarily the size of the pay that will attract Americans to the company rather than extra or more generous benefits. He has also noticed that Swedes tend to take longer periods of continuous vacation instead of a number of days at a time that is more common by Americans. In retrospect the president of Company C does not think that the benefits package has had more than a minor impact on the employees. He believes that the Americans that have worked there have appreciated that most practices including the benefits package have been different at the company. He thinks that the benefits package even can have had a negative influence since it is something new and foreign that the American employees do not know how to relate to because of a lack of references and therefore choose to not be apart of. He thinks that the company is heading for compensation practices that are more similar to those of American companies and that this is a usual phenomenon in companies that have been established in California for a period of time. He thinks that the company will be more "Americanized" in the future but have a slight touch of international flavor in order to survive.

All the presidents believe that Swedes value benefits such as time off a lot higher than for instance overtime compensation contrary to American employees. This can to some extent be explained by the fact that American employees have another sense of loyalty towards their employers and company. The president of Company C explained this by saying that Swedish employees are very particular about guarding their rights such as vacation time, maternity leave etc and easily forget that they also have obligations towards the company that they work for. He thinks that it is much easier for a Swedish employee to leave the job at five even though deadlines have not been met than it is for an American. The loyalty can extend itself to a point where some employees have forfeited their vacation for years. The president from Company B also points out that Swedes are known for always wanting time off to travel, which causes some irritation amongst co-workers and employers.

4. DISCUSSION

There are many issues regarding the international human resource management practices in Swedish born global subsidiaries in California that become evident in my empirical study. There was not any organized or well thought-out work with or management of the human resources in the organizations and I was immediately stricken by the ethnocentric attitude that prevailed in the organizations. There were variations between the three companies but it was obvious that the management style, HRM-practices, knowledge, evaluation criteria and managers from the home-country were considered as superior, which defines an ethnocentric attitude according to Paauwe & Dewe (1995) and Rosenzweig & Nohria (1999). Clark's (1996) view that HRM is culturally relative and that different national cultures lead to different ways of thinking about management and organizations would suggest that subsidiaries would be most successful if they used a polycentric approach instead of an ethnocentric. The subsidiaries in the sample have not experienced a high degree of pressure to conform to local practices and have maintained much of the characteristics of the parent-company or headquarters in Sweden. This lack of local embeddedness as described by Rosenzweig and Nohria (1995)⁸ can be partially explained by the companies' young age, small size and method of founding i.e. they are born global. The size of the companies plays an intricate role when it comes to the implementation of HRM in an organization. The likelihood of a sophisticated HRM system in an organization is higher the bigger the organization is.

I believe that the reason that Company C recruited Americans from the start has to do with the fact that the president had previous work experience from California and that this made him less skeptical of Americans as employees and he had a more of a hands-on and personal experience of working directly with Americans. The other two presidents had various ideas about mainly the difficulties with working with Americans and therefore decided to take the safe route of only hiring Swedes. I believe that preconceived notions, for example that Swedes are non-confrontational in contrast to Americans only perpetuate ethnocentric hiring practices that Paauwe and Dewe (1995) discussed. In Company A it is evident that an ethnocentric perspective dominates since primarily parent-country nationals are considered to be management material in both the headquarters and at the subsidiary. This might be because the company does not find qualified host-country nationals or find them difficult to train but it may also be a way for the company to maintain the company's culture and traditions in the host country according to Borg and Harzing (1995). It is important that the company has weighed the pros against the cons of maintaining the parent company's culture and traditions in the subsidiary before entering the new market. The culture and traditions should be essential factors for the company's success in order for these to be prioritized. The person in charge of human resource management in an organization has to be willing to challenge ethnocentric notions and perhaps try to see how the differences can be used in positive and productive ways instead. I believe that all three companies, but especially companies A and B, would have had great gains if they had worked with a human resource consultant that was specialized in helping new companies get established in

⁸ See figure nr. 5 page 14

foreign markets from a HR-perspective and that was familiar with both corporate cultures from the start. I believe that such a consultant could contribute with a less ethnocentric approach to the HR-practices that were for instance so blatantly expressed in the hiring practices. I think that factors such as not having all the documents and manuals in the native language of the country of establishment adds to the ethnocentric perspective since much more preparation has to be done before a native can be hired contrary to hiring a home-national. I believe that this might be a factor that has impacted the decision to hire another Swede, instead of a host-country national, to run the Californian subsidiary of Company A when the current president returns home.

The personnel selection practices show a lack of strategic planning. The presidents of the companies have in most cases hired whomever they thought was best and easiest to work with for the moment. This lack of strategic personnel selection is usually not cost effective in the long run and results in both monetary and knowledge losses. I believe that the reason that the companies chose these hiring practices has much to do with their inexperience and the uncertainty of the survival of the business. These factors make it hard to compare the results about the personnel selection practices from the Best IHRM Practices Project with those from my empirical study. The three highest rated personnel selection criteria in the project were: a person's ability to perform the technical requirements of the job, personal interview and a person's potential to do a good job (Huo et al., 2002). One could say that these criteria were pursued by the HR-practitioners in my sample but haphazardly and without well thought out strategy.

It is understandable that all the companies were very meticulous about providing top of the edge training for their technicians since their knowledge is a vital part for the survival of the company due to the line of business that they are in. When comparing the results from the training and development practices section from the project with those from the empirical study one notices that using these as a mean to improve the employees' technical skills was highly rated by all the countries as by the born global companies (Drost et al., 2002). One should however not forget the rest of the employees who also play an important role even if it is not as prominent as that of the technicians. I believe that by making sure that these employees have the latest knowledge in their area and that they are well familiarized in the company's culture and objectives will lead to higher productivity and satisfaction. I also think that the companies should look into cross-functional development practices partially due to the small size of the organizations but also as an incentive for loyalty from the employees. They might perhaps send the sales people to briefings about the technological aspect of the product they are selling.

It is interesting to see that the employees' opportunity to vent their feelings and views on the work situation is a prioritized purpose for performance appraisals in the born global companies in contrast to the sample in the literature review where this reason for performance appraisals was desired for the future but not yet frequently used in the organizations (Milliman et al., 2002). I believe that this is partially because the small size of these companies and their short life length since this contributes to an uncertainty in which everyone's input is important for the success of the company. I also think that it reflects the present organizational culture in Sweden in which the employees have input possibilities and are encouraged to voice their opinion in many

situations. I think that companies that have been around longer and that are larger perhaps in many cases forget or undervalue the opinion of the employees on the floor etc. Miles (1999) and Syrén (1998) consider HRM to broadly endorse employee participation and rejects traditional authoritarian concepts of leadership and the purpose of the participation is not merely to improve satisfaction and morale but also to improve the decision-making and total performance efficiency of the organization. I believe that implementing effective HRM policies in born global companies from the start will contribute to the continued and enhanced use of performance appraisals as a means for employees to vent their opinions and for employee influence in general.

The presidents of the born global companies work with primarily benefits as a compensation practice for their employees similarly to the results from the project. I however believe that this decision to emphasize benefits has much to do with the cultural differences between the US and Sweden. There is a large gap between the benefits that Swedish employers and employees are accustomed to and those frequently used in the US. According to Logger, Vinke and Kluytmans (1995) and Rodwell and Teo (1999) it is important for international organizations that the used compensation systems are adapted to the specific conditions that are prevalent in the host country. The fact that the benefit package that the president of Company C offered was not received as well as they had hoped for might have to do with the fact that it was not tailored for or adapted to the host country's specific conditions. One discrepancy between the results from the project and the study were that the presidents of the born global companies believed that pay incentives are very important for American employees contrary to Swedish ones. In the project the item about pay incentives being important to the compensation strategy was rated lower by the US than by the other countries in the sample (Lowe et al., 2002). There seems to be a general notion that individualistic countries such as the US prefer or use pay incentives as a big part of their compensation strategy whereas the results of the project indicate that the use of this practice is declining worldwide. It is thus important for the HR-practitioners at the born global companies not to discredit the use of benefits as a compensation practice in the US and put more emphasis on pay incentives.

I was surprised by the daunting similarities between the companies in the sample. They have very similar backgrounds but it was amazing to find out that their ways of performing many of the tasks related to human resources were as analogous as they were. I did however notice that the president of Company C was a little more structured than the others when it came to managing the human resources. This might be because of his greater knowledge of the American corporate culture due to longer exposure and perhaps a different support from the headquarters.

One of the research questions that this study aimed to answer was if there exist so-called "best" international human resource management practices for Swedish companies in California. Based on the results from the study no such specific practices were identified. This partially because of limitations to the study such as the small sample, which made it impossible to generalize the findings and the fact that the sample consisted of a subgroup of the market known as born globals. One has to be aware of the fact that the companies featured in the study were a relatively new phenomenon and that this most likely has rendered a certain kind of results. I believe that interviews with

HR-practitioners at other companies that are not born global would have contributed to other results, which are more relevant for their target group. The study was not able to answer the question, which the “best” international human resource practices for Swedish companies in California are. It did however answer another question that evolved during the research process, which was: “What are the good human resource practices for born global companies in California?”. The most prominent practice that I think that born global companies should incorporate in their organizations is to either hire or consult with a human resource specialist or consultant in order to develop as organizations and maintain a competitive advantage towards competitors. I believe that these born global companies are regarding the human resource management aspect of their development as organization too frivolously.

All the interviewed presidents were aware of the importance of managing human resources in an appropriate and efficient manner and they did not claim to be experts in the area but I do not think that they were fully aware of some of the inefficiencies that were apparent in their work. Poole (1999) pointed out that the increasingly multinational nature of business has necessitated managing diverse workforces and adapting business strategies to varied political, cultural and economic environments, which has increased the focus on the need for HRM. The presidents in the sample did not seem to be prepared for this responsibility and the companies should perhaps, as mentioned previously, hire or consult with a human resource consultant or expert from the start to help them with the personnel issues that are bound to arise. This will most likely give them an advantage over their competitors that are forced to deal with these issues at a later stage when it might be more costly since they might have to almost start from scratch and redo everything. A human resource consultant might for instance develop a Human Resource Manual that is suited for the company in question not leaving important HRM-decisions to chance. There was not any thought through HRM-strategy in any of the companies in the sample and many decisions were decided upon in a randomly manner. It is important that the companies have a HRM strategy and that they have developed HRM policies that are integrated into the business strategy in order to excel as organizations and to achieve the HR outcomes that Beer et al. (1999) call the four Cs (Commitment, Competence, Congruence and Cost effectiveness). These outcomes are believed to have individual well-being, organizational effectiveness and societal well-being as long-term consequences, which every organization should strive for.

Even though expatriate management and training has not been the focus of my literature review contrary to most reports on international human resource management I believe that this issue should not be disregarded, especially in ethnocentric organizations where expatriates play a vital role. I believe that born global companies need to develop a more extensive preparation and training for their expatriates in order to thoroughly prepare them for the coming task. I believe that the expatriates that are sent out need special training in how to handle the human resource responsibility if this falls on their lot. I agree with Syrén’s (1998) beliefs that general managers should not be specially trained in human resource management and that these activities should be left to HR-specialists but I think that the expatriates in born global subsidiaries need specialized training in HRM especially if there are limited funds available in the first phases of foreign establishment not enabling them to hire or consult with such a specialist.

Baumgarten (1995) reiterates that training and development of expatriates usually focuses on technology transfer and organizational configurations and relatively little attention is paid to the human resource development needs that are needed for an organization to truly operate on a global perspective.

There were not that many correlations or comparisons to made between the results from the Best IHRM Practices Project and the results from my empirical study. I unfortunately do not believe that my study has contributed to an increase of validity or reliability for the Best IHRM Practices Project since the sample and interviewees differed too much from that of the project. I do however think that the study has contributed with important information on how Swedish born global subsidiaries in California should work with international human resource management.

4.1 Conclusion

I was unfortunately not able to find any “best” international human resource management practices for Swedish born global companies in California due to factors such as the meager research sample, the unstructured HRM practices in the born global subsidiaries and their short existence in the area and as an organization. I did however learn a lot from these born global companies and I feel that it is from a IHRM standpoint extremely important for them to focus primarily on having a clear and defined IHRM strategy from the start in order to avoid much of the complications that might arise later on, to make merging into an international market as smooth as possible, to develop as organizations and to gain a greater competitive advantage.

At the completion of my study I would recommend the following guidelines to Swedish born global companies that are planning to establish a subsidiary in California:

- Have a clear and well defined international human resource management strategy from the start
- Hire or consult with a specialist in international human resource management
- Decide on the language to be used from the start and make sure that all documents and manuals are written in this language
- Give the expatriates cross-cultural competence and extensive training in international human resource management with an emphasis on the importance of it

4.1.1 Final remarks and suggestions for further research

I think that further research is needed in order to uncover and refine international human resource practices for Swedish companies in California that will increase the organizations' development possibilities from a HR-perspective. A more extensive study need to be performed in which more time is set aside for the preparation and convincing of the companies to participate in the study. Perhaps a form of incentive ought to be considered.

I think that a more detailed review of the differences between born globals and the traditional global firms is necessary in order to draw further conclusions on what appropriate measures need to be taken to improve the international human resource management practices and if they indeed are as different from traditional global firms' as this study implies.

There was a big focus on the cultural differences between Swedes and Americans by the presidents of the born global companies. This might perhaps be a common phenomenon in most Swedish companies before they settle into the society. It would be interesting to perform a study to see if this focus changes after a number of years in the US or if this is a constant phenomenon in most Swedish companies in the US regardless of the length of establishment in the country.

I also think that more comparative studies on international industrial relations need to be performed in order to enhance the understanding and utilization of international human resource management.

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APPENDIXES

Project presentation

To whom it may concern,

I am a graduate student at Lund University in Sweden and I am currently working on my master's thesis in my major human resource management. I have decided to do my thesis on international human resource management with a focus on Swedish companies operating in the US. The thesis is an extension of a large-scale and multinational research project conducted by a consortium of international scholars with the purpose of identifying the "best" international HRM practices. The purpose for my thesis is to possibly identify the "best" HRM practices for Swedish companies operating in the US and thus providing invaluable information for the design and implementation of HR practices in Swedish companies in the US.

I would like to conduct an approximately hour long interview with a human resource practitioner at your company to discuss the above mentioned issues. Confidentiality and anonymity will be respected and no individuals' names will be mentioned in the thesis.

I hope that you can find time in your busy schedule to participate in this study.

Sincerely,
Frida Randa

Interview guide

Background

Age:

Gender:

Nationality:

Education and degree:

Job title:

Company's business area? Company size? How many employees? How long has the company been in the US?

How long have you worked in your current job?

How long have you worked with the current company?

What does your job consist of?

What management style prevails in your company? Formal or informal leadership?

Do you formally supervise other employees? How many?

Describe the HR department where you work. How big is it? Who works there? What role does the department have in the company?

HR practices

- How many of your employees are union affiliated? Less than half, half or more than half?
- Describe your hiring practices. Do you think that they are effective?
- Describe your company's different training and development practices? What is the purpose behind these?
- Describe your company's performance appraisal practices. What is the purpose for using these?
- Describe your company's pay practices. What is the purpose of using these?
- Describe your immediate supervisor's leadership style. Why do you think that he/she has this style? What type of leadership style do you use?
- Describe your company's communication practices. How does the flow of information travel in your company? What do you think is the underlying purpose for using these practices?
- What is your overall assessment of your HR practices? Are you satisfied with the HR practices that you have in your company today or would you like to alter or improve something?

What do you think is the biggest difference? Culture?

Did you run into any problems when you first started working with human resources in the US?

What do you think is the best way for a HR practitioner to prepare for an assignment in the US?

What do you think that the Swedish branch of the company could learn from the US one and vice versa?

Do you think that a Swedish company should bring expatriates with them when merging in to the US market? If the companies should hire locals how should these be selected?

Question should ask how it presently is at the company and how they would want it to be.