

**CONDUCTING CROSS NATIONAL HUMAN RESOURCE MANAGEMENT
RESEARCH: NEED FOR AN INTEGRATED FRAMEWORK**

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Introduction

The topic of Human Resource Management (HRM) is now well in the management literature (Boxall, 1995; Brewster, 1995; Legge, 1995). Moreover, the increased level of globalisation and internationalisation of business, the growth of new markets (such as in Eastern Europe, China, South East Asia and Latin America), growth of new international business blocs and an increased level of competition amongst firms at both national and international level has resulted in an increase in comparative HRM studies (Brewster et al., 1996). Managers and policy makers now need to know how human resources are managed in different regions of the world and how their counterparts in different parts of the globe perceive or react to similar concepts and pressures. This is crucial for developing relevant management practices. It can also become an important training tool for expatriate managers. The probability of having to manage in an international situation has made this as imperative.

Academics have responded positively to meet the challenges raised by the globalisation of business by investigating a number of issues and problems related to international business. They have attempted to examine management from a cross-national view point. This comparison of HRM policies and practices at a national level helps to test the convergence-divergence thesis. The typical questions pursued by comparative HRM researchers are:

1. how is HRM structured in individual countries? 2. what strategies are discussed? 3. what is put into practice? 4. what are the similarities and differences? and 5. what is the influence of national factors such as culture, government policy and education systems (Pieper, 1990)?

Scholars have also developed and proposed different models of HRM both between and within nations (Brewster, 1995; Guest, 1997; Legge, 1995). Interestingly, most models of HRM have an Anglo-Saxon base. As such, from a global perspective, principles of HRM have been developed from a restricted sample of human experience. During the infancy stage of HRM literature such an ethnocentric approach was understandable and unavoidable. However, with the growth of a "global business village", firms operating in different countries need appropriate information and guidance to develop their HRM policies and practices. Under such dynamic business conditions, the relevance of lessons learned from the Anglo-Saxon experience is questionable. As Schneider (1993) warned that "what is considered loyalty in Mexico becomes nepotism in the US; what is participative decision making in Japan becomes weak leadership in Germany; promotions in the Anglo-Saxon nations are based on achievement, whereas in Japan they are often based on experience;

performance appraisal in Japan is based on a person's integrity, morality, loyalty and co-operative spirit rather than getting high sales volumes---".

It is therefore important to examine the extent to which Anglo-Saxon models of HRM are applicable in other parts of the world. It has become clear that the study of HRM needs a cross-national comparative dimension and an international perspective (Brewster et al., 1996). An important agenda before cross-national HRM researchers is to clearly detail both the specific human resource (HR) issues within a country as well as the overall HRM recipes pursued by local managers if they are to avoid misinterpreting the situation. HRM policies and practices in a cross-national context are influenced by both "culture-bound" variables such as national and organisational culture, institutions, business sector and "culture-free" variables such as age, size, nature, life cycle stages of organisation (Brewster, 1995; Hofstede, 1993; Sparrow, 1995). The degree of influence of these factors is however context specific and varies from region to region. The big question is how to evaluate and highlight the context specific nature of HRM in different national or regional settings? A related question is what are all the factors and variables that could determine HRM in such settings and should be considered in cross-national research? The dilemma regarding what factors to include under broad concepts such as 'national culture' or 'institutions' needs to be resolved. A sensible way to tackle this mammoth task is to understand the complex interactions between HRM practices and their determining variables on the basis of empirical data. However, there is a scarcity of research in this area. This is partly due to the fact that the number of methodological issues involved in cross-national research are many and more complex in comparison to national research and partly due to the absence of a comprehensive framework for conducting such studies (see for example Brewster et al., 1996).

This paper presents an integrated framework which is suitable for evaluating and comparing HRM policies and practices and examining their main determinants in a cross-national context. The framework should act as an intellectual "filling box" by highlighting three types of factors/variables (national, contingent and organisational) for such a purpose. It can also be used to assimilate comparative studies into the body of commonly accepted knowledge of HRM. The framework has three purposes:

1. to highlight the main determinants of HRM policies & practices in a cross-national context;
2. to help examine the cross-national applicability of the main models of HRM; and
3. to provide a mechanism to test the convergence-divergence thesis in the field of HRM.

Four Comparative Management Frameworks

Studies in the fields of international management, comparative management and cross-cultural HRM are analysed and help of empirical evidence is examined to build the proposed conceptual framework. Before presenting the framework, the main approaches of comparative management and earlier frameworks in the field of international HRM are reviewed in order to outline the main developments in the field and highlight the possible gaps in our understanding.

Comparative management is primarily interested in studying the similarities and differences among nations and management systems of different countries (Adler et al., 1986; Brewster et al., 1996). The major thrust of the comparative management literature can be broadly classified into four categories. These are:

Economic Development Approach: is based on the premise that managerial input plays a significant role in achieving rapid industrial and economic development. **Environmental Approach:** is based on the assumption that managerial effectiveness is a function of external environmental factors such as socio-cultural, legal-political, economic and educational. **The Behavioral Approach:** is based on the assumption that management practices as well effectiveness depend on cultural variables such as attitudes, beliefs, values systems, behavioral patterns, management philosophies and so forth. **Open Systems Approach:** is used by Negandhi (1983) to conceptualize organizations and their interactions with the environment (namely, organizational, task and societal).

All the four approaches to comparative management (briefed above) present a broad list of variables and factors which form the core basis for cross-national management comparisons. However, the choice for their selection will depend on the nature and aims of any research. Since they represent some of most fundamental principles of analysing management, it is therefore sensible to consider the impact of these variables and factors on HRM policies and practices in a cross-national context. A number of frameworks are presented for evaluating HRM in separate settings (such as international, MNCs, comparative). Most of these adopt a contingency approach.

Developments in Cross-National HRM: Contingency Themes

The main methodological issues involved in cross-national or cross-cultural HRM research include issues related to: differences between the terms ‘cross-cultural’ and ‘cross-national’; different types of functional equivalence; control of variables or matching of firms on possible variables; definition and scope of culture; and difficulties in data collection, analysis and interpretation. Researchers have prescribed possible remedies to these issues so

as to facilitate more meaningful cross-national comparisons (see for example Budhwar, 1997; Brewster et al., 1996). Different scholars in the field of HRM have also put forth a number of frameworks for conducting international HRM research. However, most of these frameworks are either not comprehensive in nature, or list hundreds of possible factors based on adhoc or empirical evidence. Three contingency frameworks are now briefly analysed to highlight the different aspects they cover. It can be seen that largely on theoretical and grounded theory arguments, these models have built up a sophisticated awareness of important factors to consider in international HRM comparisons.

Murray et al. (1976) provide a framework for cross-cultural comparative analysis of personnel policies based on three considerations:

1. *there should be a well specified breakdown of components of the personnel management process;*
2. *a detailed specification of the relevant characteristics of the culture; and*
3. *the influence of cultural factors varies in regard to 'validity', 'priority', 'feasibility' and 'organisation' in different national setting.*

Comparative management makes an implicit assumption that an environmental constraint will have its effect on management in only one way, i.e. by rendering a given management practice or policy, which is effective in one setting, invalid in another. That is, something that "works" in one country won't necessarily work in another. It can also affect priority ranking or relative importance of the various objectives and programmes which make up the personnel function, feasibility of implementing a given policy or practice and organisation of any given personnel policy and practice (Murray et al., 1976: 50). In some settings the personnel function is undertaken by specialists and in others by line managers.

Another contingency based model has been developed by Welch (1994). Based on four in-depth comparative case studies in Australian companies, he suggests a framework for determining international HRM approaches and activities relevant for expatriate management. He suggests three sets of variables which determine selection, training and development, compensation and repatriation of overseas employees:

1. contextual variables (such as the host country's legal system and the cultural distance between host country and employees' country);
2. firm-specific variables (such as stage of internationalisation, type of industry, link between strategy and structure and organisation culture); and
3. situational variables (such as staff availability, location of assignment, need of control, time factor, locus of decision).

There are three new criticisms which have been levelled against these contingency models. First there are of course many more contextual, situational or firm specific variables which determine international HRM than noted by these models. Moreover, what are the main aspects of the contextual variables which need to be examined in a cross-national context? Finally, most contingency frameworks are proposed for expatriate management not general cross-national HRM comparisons. Debate about the contribution of a contingency perspective continues.

Similarly, Schuler et al. (1993) suggest an integrated contingency framework for evaluating strategic international HRM of multinational enterprises (MNEs). They identify two sets of factors determining strategic international HRM in MNEs. These are:

1. exogenous factors (industry characteristics and country/region characteristics); and
2. endogenous factors (structure of international operations, headquarters international operations, competitive strategy and experience in managing international operations).

It is important to note that these factors are broadly competitive in nature, and barring country/region characteristics, operate at the organisational level. Schuler et al.'s theoretical framework is more complicated than the framework of Murray et al. (1976) and Welch (1994) as they link these factors to both strategic MNE components (interunit linkages, i.e. how to manage their various operations and internal linkages) and strategic international HRM issues (i.e. how to effectively operate within the confines of local, its laws, politics, culture and economy). They differentiate three strategic international HRM functions (orientation, resources and location), four strategic international HRM policies and practices (staffing, appraising, compensation and developing) and five MNE concerns and goals (competitiveness, efficiency, local responsiveness, flexibility and learning and transfer). Based on these complicated connections, Schuler et al. (1993) present a number of propositions which need to be tested to support the contingencies. For example, the issue of control and co-ordination amongst parent-country nationals, host-country nationals and third-country nationals. This framework still needs empirical testing. It might be suitable for determining strategic HRM in MNEs, but still does not truly capture cross-national HRM comparisons.

Having noted the above frameworks, it can be argued that the contribution of Murray et al. (1976) is a good starting point for developing a conceptual framework for cross-national HRM comparisons. First, their framework suggests what should be considered under the broad concept of national culture and focuses attention on how it influences HRM. Similar features could be identified for the national factors of institutions, a dynamic business

environment and business sector determinants. They also correctly propose that researchers stick to basic personnel functions and practices for cross-cultural comparisons. However, their framework does not consider the impact of contingent variables and organisational policies on HRM policies and practices as highlighted by Welch (1994) and Schuler et al. (1993).

Comparative Process Theories

Negandhi (1975; 1983), highlighting the inter-disciplinary nature of the international management discipline suggests that cross-cultural management studies should become part of organisation theory. Still reflecting the contingency theory perspective, he suggests that the inclusion of those contextual variables, environmental factors, and socio-cultural variables that can provide a comprehensive understanding of the factors affecting the structuring and functioning of organisations and accordingly the management policies and practices in a cross-cultural context. He argues that we need to include all three sets of variables in one model. Negandhi conceptualises these three variables by visualising three successive environments or boundaries. These are the organisational environment, the task environment and the societal environment. He believes that cross-cultural comparative management researchers can make useful contributions by examining the impact of these variables on organisational structuring and functioning.

Building on the traditional environmental approach to comparative management provided by Farmer and Richman (1965), Gronhaug and Nordhaug (1992) propose such an environmental perspective to international HRM. They suggest that two sets of factors can be used to discuss the nature of international or cross-national management of human resources:

1. Micro-environment Factors: in addition to primary factors (such as a subsidiary's relationship to other parts of MNC) which relate to Schuler et al's emphasis on inter-unit linkages, they highlight secondary factors (such as external actors, including customers, clients, competitors, suppliers of resources and local public institutions and interest of organisations).

2. Macro-environmental Factors: are the relevant conditions that are embedded in the surrounding region and country of operation. These include socio-economic, institutional (political/legal) and cultural factors.

This emphasises on the role of multiple actors, and the influence of broader social factors, introduces a more dynamic and comparative perspective into the field. Gronhaug and

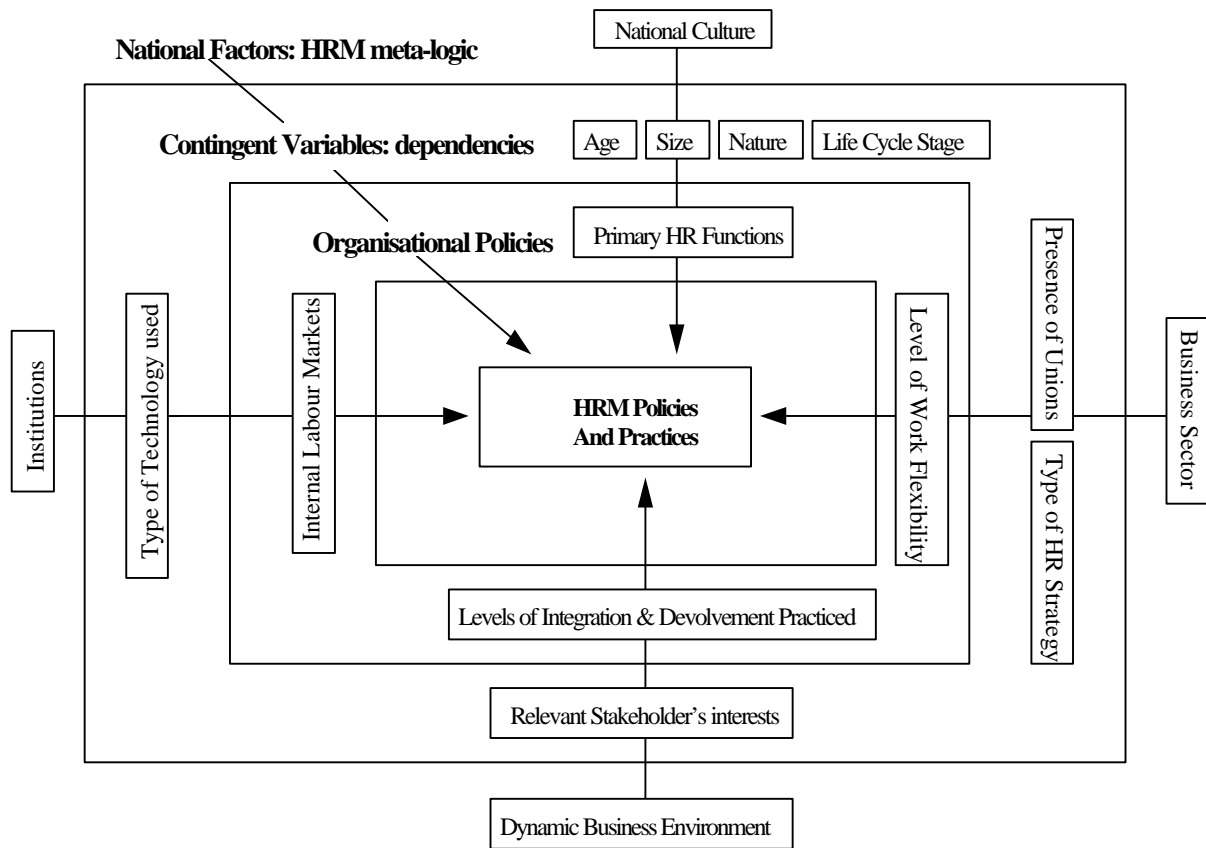
Nordhaug (1992) show how these two factors influence different HRM elements such as acquisition, development, compensation, work system and labour relations.

Begin (1992) proposes a system's perspective for comparative HRM, based on which he draws variations in and identifying broad patterns of comparative HRM systems. His framework is also useful for addressing the convergence debate. To operationalize his framework, he proposes a set of independent variables in the form of different institutions (economic, political, cultural and societal). The impact of these institutions dictate different types of HRM system configurations in different national and regional settings.

The model proposed by Negandhi (1975; 1983) for comparative management is comprehensive in nature and is appropriate for determining organisational patterns and effectiveness of HRM. Since the time when Negandhi (1975; 1983) proposed his model, much academic development has taken place in the field of international and comparative management. Notably, competitive business sector and organisational policies have been shown to have an important impact on management practices as reflected in the Schuler et al. (1993) model. Similarly, as it was initially stated that most of the frameworks analysed tend to emphasise one or a few factors or aggregated sets of variables such as 'national culture' that are felt to be significant for cross-national comparisons. Now the proposed conceptual framework is presented.

While developing a conceptual framework of cross-national HRM that draws upon both the international and comparative HRM traditions it is important to define HRM in the broadest sense (Boxall, 1995). Why? Because, the existence of distinctive HRM models with in firms in a particular country depends (along with a number of other factors, such as different institutions and national culture) on the number of distinct 'internal labour markets' (Boxall, 1995; Osterman, 1994). Within each labour market, HRM incorporates a range of sub-functions and practices which include systems for work force governance, work organisation, staffing and development and reward systems (Begin, 1992). HRM is therefore concerned with the management of all employment relationships in the firm, incorporating the management of managers as well as non-management labour. Potentially it covers a diverse array of styles (Boxall, 1995: 6). Moreover, the aim of comparative HRM should be to involve comparisons of nations and the activity of comparison should be associated with explanation rather than simply description. The similarities and differences should be related to broad socio-economic outcomes.

Figure 1: Factors Determining Cross National HRM Policies and Practices



An Integrative Framework For Cross-National HRM Comparisons

It is therefore important for individual research designs to specify which of the variables are included and which are excluded in a particular study and should show how those excluded are being controlled in order to avoid the cross-variable contamination problem. However, it is important to note that depending on the focus of research and theoretical inheritance, assumptions are set, which are then destined to determine the particular types of results (Smith and Meiksins, 1995).

Given the plethora of contingency models and comparative process models, there is an urgent need to synthesise the key elements to guide ongoing research. The framework in Figure 1 is developed after synthesising the existing frameworks in the field, trends in the HRM, international HRM, cross-national HRM and comparative management literature. The contingency variables and national factors are placed at the broader/macro/outer level. These are taken as parallels to Negandhi's organisational and societal environments respectively. The contingent variables highlighted by researchers such as Schuler et al. (1993), Welch (1994) and the ones who worked at the 'Aston Programme' (see for example, Hickson et al.,

1974) are incorporated into Negandhi's task environment. The choice is based on the premise that the impact of different stakeholders as well the traditional contingent variables varies from firm to firm. Moreover, organisational policies (highlighted in the model by different HR functions and internal labour markets) are placed at the micro level or inner level.

Next the reasoning behind the various factors inclusion of within each boundary is explained. There are a series of factors which operate at the national level which set the overall climate for international HRM activities by providing a “meta-logic” to guide HRM choices. Four national factors of national culture, institutions, business sector and dynamic business environment are identified as significant determinants of this meta-logic and HRM policies and practices in a cross-national context. Out of these four factors, business sector can be taken as a contingent variable as it represents the interests of a number of stakeholders. However, recent evidence (see for example, Rasanen and Whipp, 1992 and Whitley, 1992), suggests that business sector should be considered as a country level or national unit of analysis and is worth considering for national comparisons.

Recently, a number of researchers (such as Hofstede, 1993; Schneider, 1993; Sparrow, 1995) have highlighted and explained the influence of national culture on HRM policies and practices. The definition and scope of the concept of culture is of course debatable. It is therefore sensible to examine the impact of those aspects of national culture on HRM which have a sound theoretical base. The most important processes or aspects of national culture that have been identified are:

1. the socialisation process through which managers are ‘made’ (see for example, Hofstede, 1993);
2. the basic assumptions which shape managers' behaviour (Hofstede, 1993);
3. their common values, norms of behaviour and customs (Hofstede, 1993; Keesing, 1974);
4. the influence of pressure groups unique to a country (Keesing, 1974); and
5. the unique ways of doing things and management logics in a particular country which are reflective of broader national business system (Whitley, 1992).

Having delineated the various processes through which national culture provides a meta-logic for HRM policies and practices, it will become easier for researchers to clarify the true effects and the variance associated with each process.

Researchers in the field of cross-national HRM have considered in detail the impact of different national institutions on HRM policies and practices (see for example Brewster, 1995). Given the regional focus in much international HRM research, they have provided a list of institutions more relevant to the European context (such European Union, Social

chapter, Unions, Legal set up). Along with these there are a number of other institutional systems whose influence on HRM in a cross-national context must be interpreted. These include:

1. national labour laws (Brewster, 1995; Sparrow, 1995);
2. trade unions (Brewster, 1995);
3. educational and vocational set-up (Sparrow, 1995);
4. role of professional bodies (Zucker, 1987);
5. international business institutions (Zucker, 1987);
6. labour market dynamics, such as internal or external (Cappelli, 1995; Osterman, 1994);
7. industrial identity and associated networks (Rasanen and Whipp, 1992);
8. employers federations (Zucker, 1987); and
9. role of consulting organisations (Zucker, 1987).

HRM research has also demonstrated the impact of dynamic business environment, characterised mainly by distinctive sets of competitive pressures on HRM policies and practices at the national level (see for example Hendry and Pettigrew, 1992; Sparrow, 1995). Although many of these dynamics are unique to each nation, a series of developments are pan-national and have been identified as major determinants of IHRM activity. The aspects of a dynamic business environment identified as influencing HRM policies and practices in a cross-national context are:

1. an increase competition and pressures on productivity, quality or social costs of employment at both national and international level;
2. the resulting growth of new business alliances or forms of corporate governance (Cappelli, 1995; Sparrow, 1995);
3. automation of information systems and their impact on international business structures and co-ordination systems;
4. change in composition of the work force (Torrington, 1993);
5. downsizing of organisations and transfer of work across a new international division of labour (Cappelli, 1995); and
6. transfer of convergent best practice.

Recent research (see for example, Rasanen and Whipp, 1992; Whitley, 1992) has shown how HRM policies and practices are governed by a specific sector. Different aspects of sector include:

1. common strategies, business logic and goals;
2. regulations and standards;

3. specific requirement/needs of supply chain management;
4. need for sector-specific knowledge;
5. informal or formal bench marking;
6. cross-sector co-operative arrangements;
7. common developments in business operations; and
8. a sector specific labour market or skill requirements.

Now the focus changes to the explanation on the contingent variables in the framework. These are the main mediating factors on which the influence of national factors has been seen 'to depend'. As we have seen, a prominent stream of research being conducted by cross-national HRM researchers is to examine the influence of a number of contingent variables on HRM policies and practices. The various contingent variables shown to determine HRM policies and practices are:

1. the size and age of the organization (Cohen and Pfeffer, 1992; Dimick and Murray);
2. level of technology adopted (Dimick and Murray, 1978);
3. presence of a formal HRM department and training units (Fisher and Shaw, 1992);
4. type of HR strategy (Schuler, 1992);
5. representation of personnel on the board (Brewster, 1995);
6. type of ownership (Dimick and Murray, 1978);
7. union status (Cohen and Pfeffer, 1986; Fisher and Shaw 1992); and
8. life cycle stages of the organization (Hendry and Pettigrew, 1992).

This contingency approach often assumes that these factors are a-cultural, i.e. although their presence may vary across countries, they have same effect once present. If there is convergence across these contingencies it is assumed that convergence in the associated HR policies and practices will follow. These factors are classified as 'culture-free'.

Further, recent research is indicating that organisational strategies and policies (such as related to primary HR functions of recruitment and selection, training and development and employees communication; internal labour markets; levels of work flexibility and the degree of integration of HRM into the organisational strategy and devolvment of responsibility for HRM to line managers) also influences HRM policies and practices (see for example, Budhwar and Sparrow, 1997). However, this claim needs further research and validation.

Nevertheless, it is at the national factors and contingent variables levels that cross-national comparative HRM researchers can make useful contributions by examining their impacts on HRM policies and practices (see for example, Brewster, 1995; Sparrow, 1995).

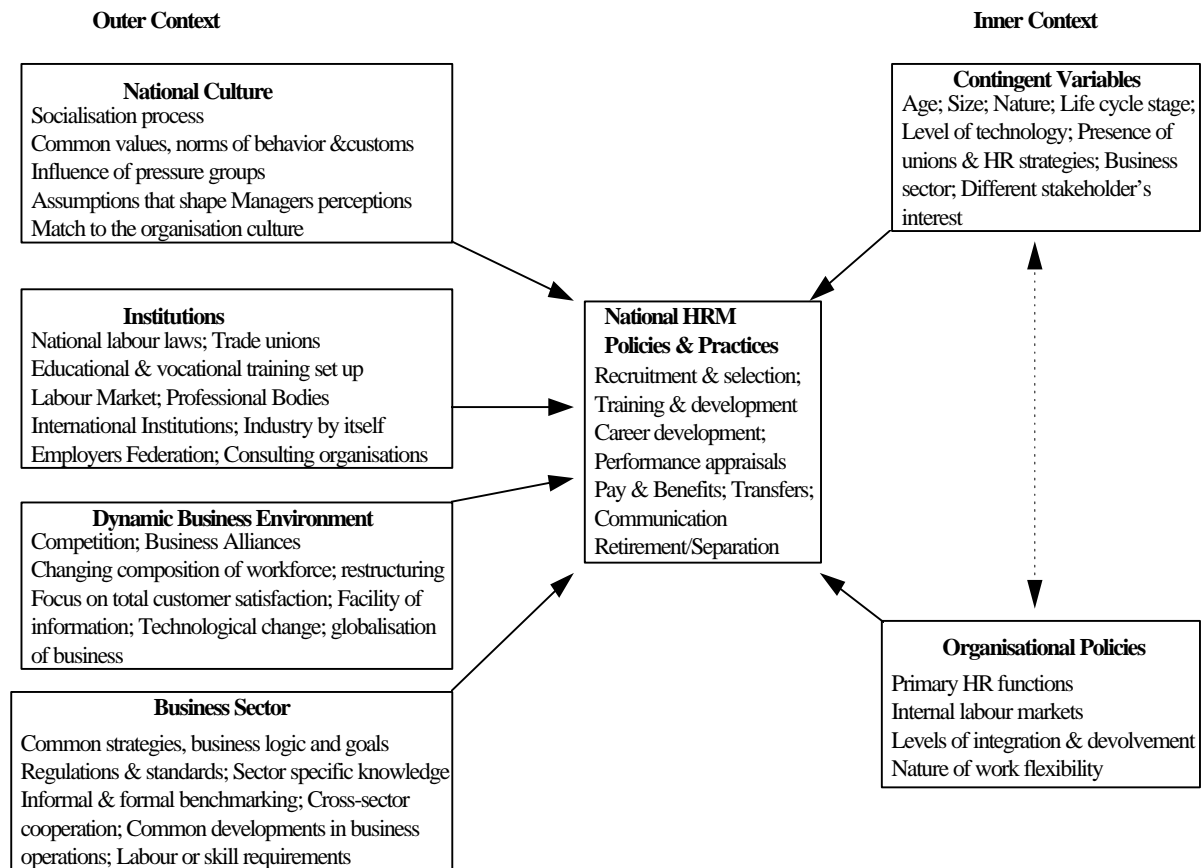
The mentioned national factors and their respective aspects being dynamic in nature, therefore a mixed methodology should be adopted (both quantitative and qualitative techniques) to get a more real and comprehensive picture in this regard. Moreover, to examine the relative impact of the mentioned factors, variables and policies on HRM in a cross-national context it is crucial to conduct research in matched organisations in different national settings. This helps to control the variations caused by such contingent variables and show a more reliable impact of the independent variables on HRM policies and practices.

The operationalization of the proposed framework is clear from the results of four years of research in matched Indian and British firms. The results are presented somewhere else (see for example Budhwar and Sparrow, 1997; Sparrow and Budhwar, 1996; Sparrow and Budhwar, 1997). However, based on the proposed framework, our research and the existing literature, next a contextual model of cross-national HRM is presented.

Contextual Model of Factors Determining Cross National HRM

Based on the above discussion, Figure 2 presents the range of main national factors and their aspects, contingent variables and organisational policies which determine HRM policies and practices in a cross-national context. It is important to note that the influence of the different aspects of the four main national factors (i.e. national culture, national institutions, dynamic business environment and business sector), contingent variables (such as size, age, nature, life cycle stage of organisation, presence of unions and HR strategies) and different organisational policies on HRM policies and practices is “*context specific*”. For example, the influence of trade unions, labour laws, age and size of organisation or internal labour markets on HRM policies and practices varies in different contexts (such as economic, social, political or legal and different region). However, the understanding of the complex interactions between these factors, variables and policies play a crucial role in highlighting the context specific nature of HRM in different settings.

Figure 2: Contextual Model of Factors Determining Cross National HRM Policies And Practices



Implications of the Framework and Future Research

This paper has argued that the proposed framework is suitable for highlighting the main determinants of the context specific HRM. A detailed list (which is by no means complete) of different national factors, contingent variables and organisational policies is provided which should be used to determine HRM policies and practices in cross-national settings. Comparisons based on such evaluations should also help to clarify the ‘convergence-divergence’ debate.

The ‘convergence-divergence’ hypothesis can further be clarified by examining the cross-national applicability of the main models of HRM. How to examine the applicability of models of HRM in different national setting? To achieve this it is important to identify the main propositions of the models of HRM. Once such propositions are identified, than the proposed framework is helpful in testing those propositions and hence the cross-national applicability of the models of HRM and testing the convergence-divergence thesis in the field.

For example, the ‘matching model’ and the ‘Harvard model’ are the two of the more documented HRM models of HRM. The main propositions emerging from the matching model worth considering for cross-national comparisons and applicability of the model are (Truss et al., 1997):

1. do organisations show a 'tight fit' between their HRM and organisation strategy where the former is dependent on the latter? Do personnel managers believe they should develop HRM systems only for the effective implementation of their organisation strategies?
2. do organisations consider their HRs as a cost and use them sparingly? Or do they devote resources to the training of their HRs to make best use of them?
3. do HRM strategies vary across different levels of employees?

The adoption of the proposed framework will not help to highlight the main interplay between the HRM policies and practices and national factors, contingent variables and organisational policies but it will also help to show which of the factors, variables or policies are contributing more in determining a particular proposition of the HRM models. For example, the issue of ‘tight-fit’ can be evaluated by looking at the accepted measures such as involvement of HRM into the corporate strategy at formulation stage (Budhwar and Sparrow, 1997). However, the adoption of the proposed framework could also help to evaluate what are the main reasons for such a practice (cultural, institutional, company philosophy). In the same way what the main reasons (national, contingent or organisational policies) which contribute to an emphasis on training and development in any organisation in a national or regional setting. On the same stream, do organisations have different HR strategies for different levels of employees and if yes, why? Our research has empirically tested such theoretical debates (for details see Budhwar and Sparrow, 1997). Similarly, the propositions of the ‘Harvard model’ could be productively evaluated by the adoption of this framework.

The paper contributes to the theory of cross-national and international HRM. It helps to theory building and testing the ‘convergence-divergence’ thesis. It is of great value to practitioners as by help of the proposed framework and the contextual model of factors determining HRM in a cross-national context, they can develop an understanding regarding the main predictors of HRM in different national and regional settings. According to them they can develop their policies and practices. Such an information can be used as a training tool for expatriates.

Despite of the comprehensiveness nature of the framework and the contextual model of factors determining HRM in cross-national contexts, there are still possibilities of adding more to the framework and the model. Especially, at the organisational level further research

is needed to test what all other organisational policies are significant predictors of HRM. More aspects of the national factors should be identified which are more applicable in different national settings. However, the proposed framework gives a good starting point for conducting cross-national HRM research.

Conclusions

The paper argued for the need of an integrated framework for conducting cross-national HRM comparisons. Based on the developments in the field and empirical research a framework and a contextual model of factors determining cross-national HRM. The implications of the proposed framework are highlighted and its operationalization is demonstrated. The future research avenues are also highlighted.

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