

Framework for international business research:

ORGANIZATIONAL LIFE CYCLES AND STRATEGIC INTERNATIONAL HUMAN RESOURCE MANAGEMENT IN MULTINATIONAL COMPANIES

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ABSTRACT

This article proposes that (cultural and institutional) context should be included in international business studies. It is based on the author's own research results, comments, and conclusions. The importance of (1) universalities, particularities, and singularities in cross-national management research; (2) the relevance of linguistic disparities as a topic for International Business studies and (3) the superior explanatory power of detailed descriptions of cultural differences over the mere provision of cultural distance scores are all highlighted. (3) the necessity of qualitative research for in-depth, contextualized International Business studies; and (4) the superior explanatory power of detailed descriptions of cultural differences over the mere provision of cultural distance scores; More phenomenon-driven, ethnographic, and multidisciplinary International Business research that focuses on real business challenges and their societal repercussions is also called for in this article. As a result of establishing an organizational life cycle (OLC) model of international HRM (IHRM) for multinational organizations, this study aims to enhance our knowledge of the congruence of "fit" theory in strategic human resource management (HRM) (MNCs). Congruence theory as it applies to IHRM benefits from both conceptual and longitudinal dimensions. In strategic human resources, two extra IHRM-context fits should be considered.

Second, the importance of flexibility in strategic IHRM is investigated further. The notions of fit and flexibility are next examined in conjunction by looking at their connection over the whole OLC.

KEYWORDS: Global business; framework; experiences in research; future research; United state of America (USA), Japan.

Introduction: The relevance framework for international business research and ORGANIZATIONAL LIFE CYCLES AND STRATEGIC INTERNATIONAL HUMAN RESOURCE MANAGEMENT IN MULTINATIONAL COMPANIES

Researchers in organizational behavior, theory, and strategy have long assumed that "fit" among organizational subcomponents leads to organizational effectiveness ([Fry & Smith, 1987](#)), but they have often been frustrated by difficulties in both conceptualizing and operationalizing the concept ([Fry & Smith, 1987](#)). ([Venkatraman, 1989](#); [Venkatraman & Camillus, 1984](#)). Similarly, the necessity to align human resource strategy with the wider organizational environment is a common subject in strategic human resource management (HRM) literature. For example, in their strategic HRM review, Lengnick-Hall and Lengnick-Hall (1988) noted that managers should be fitted or matched to the nature of strategic business planning, the firm's expansion strategy, product life cycle, and future strategic needs and choices. In addition to the

concept of fit, another theme in the strategic HRM literature is the need for flexibility in adapting human resource strategy to its larger organizational context ([Lengnick-Hall & Lengnick-Hall, 1988](#)). International HFIM (IHRM) practices in multinational businesses (MNCs) tend to serve a secondary function as methods that enable the company to deal with internal and external control and cross-cultural difficulties ([Adler & Ghadar, 1989](#)). The notions of fit and flexibility are again inherent in the requirement for control and cross-cultural awareness. MNCs, on the other hand, have more problems than domestic companies in terms of geographic dispersion, cross-cultural diversity, global competitiveness, and reliance on abroad subsidiaries. As a result, when it comes to MNCs, the notions of fit and flexibility are likely to be much more complicated.

The western world was awestruck by Japan's economic "miracle" in the 1970s and 1980s, which was undoubtedly based on a sophisticated and integrated system of "uniquely" Japanese management practices ([Dore, 1973; Ouchi, 1981](#)). Many western management practitioners and academics were intrigued by the excellent competitive skills of many Japanese businesses, as well as their worldwide growth, which was aided in part by foreign direct investment (FDI). The race was on to uncover the secrets of this economic marvel, notably 'Japanese' HRM and ER practices ([Dedoussis, 1995](#)). In many respects, Japanese management methods were unique on a global scale. The so-called "three pillars" of seniority-based pay, lifetime employment, and company-based unionism received some attention ([Dore, 1973; Sekiguchi et al., 2016](#)). While these were never universal—lifetime employment, for example, only ever covered a small percentage of workers, primarily those in 'core' jobs in large

corporations—they were part of a larger set of practices that laid the groundwork for the development of 'lean' management and just-in-time production, team-based work design, and employee involvement to maximize quality enhancement and employee involvement at the same time ([Whittaker, 2013](#)). Scholars of human resource management in multinational companies (MNCs) became interested in the extent to which these techniques, or "equivalents," were transmitted to Japanese MNCs' international subsidiaries. These studies revealed a strong preference for personalized forms of management control, a preference for dealing with single unions or avoiding them altogether, and 'direct' forms of worker involvement ([Benson and Debroux, 1997; Shadur et al., 1995, Purcell et al., 1999, Delios and Bjorkman, 2000; Sekiguchi, 2016](#)).

According to recent data, Japanese firms, both domestically and internationally, are adopting US-style HRM methods such as performance-based compensation and short-term employment contracts to save costs and boost labor productivity ([Aoki et al., 2014](#)). Pudelko and Harzing also claim that "subsidiaries of Japanese MNCs have a significant inclination to leave their home-country methods and migrate toward US practices" ([2007: 549](#)). HRM and ER procedures in the United States are based on a unitarian philosophy that emphasizes the individual as a unit of analysis, with HRM practices affected by the firm's strategic goals structured into a mutually reinforcing system of Performance management, training and development, job design, and other HRM techniques aimed at increasing worker discretionary effort (see Kaufman, 2014 for a review of the evolution of American HRM). Over the last two decades, human resource management in the United States has shifted to an emphasis on high-performance work systems (HPWS) Flexible

work assignments, rigorous selection procedures, comprehensive training and development, merit-based performance assessment, and competitive remuneration are examples of HR strategies aimed to improve employee skills, dedication, and ultimately performance ([Cooke et al., 2019](#)). Furthermore, anti-union attitude and union avoidance are common characteristics of American HRM, as is managerial prerogative domination ([Kaufman, 2014](#)).

Our study examines the deployment of HRM and ER practices by Japanese and US MNC subsidiaries in four countries. To reconcile findings, we used a convergence-divergence paradigm. This approach looks at whether “HRM systems, as well as the individual practices that make them up, are growing more similar or different over time and across countries and regions” ([Kaufman, 2016: 338](#)). We use data from representative (Japanese and US MNCs N=460) concurrent surveys of MNCs operating in Canada, the United Kingdom, Spain, and Australia to evaluate a set of hypotheses about the parallels and variations in managerial control across borders, remuneration, and other factors. These HRM practices were chosen based on the literature, which suggests that, in comparison to US MNCs, Japanese MNCs rely on centralized control and Japanese managers in subsidiaries ([Shiraki, 2007](#)); that Japanese MNC employees are engaged on a long-term basis with extensive firm specific knowledge, making short-term performance remuneration less likely ([Peltokorpi and Froese, 2016](#)); and that u ([Sekiguchi et al., 2016](#)). Other variations identified in the research include the employment of expatriate and third-country managers, as well as different systems for networking and knowledge transfer ([Pudelko and Tanzer, 2013](#)). ([Thite et al., 2012](#)). In comparison, the United States and Japan are the world's largest

investors in other nations ([UNCTAD, 2018](#)). In terms of capitalism typology, the four recipient nations selected constitute liberal market economies ([Hall and Soskice, 2001](#)). National variations in legislation, culture, and institutions exist within this wide categorization ([Edwards et al., 2013](#)). Furthermore, the environment in which MNCs operate might have an impact on their HRM practices ([Edwards et al., 2013](#)). They are all big sources (the United Kingdom) or receivers (the United States) of foreign direct investment (Australia, Canada and Spain). All four nations have strong economic and investment ties with Japan, and all four have been important recipients of US foreign direct investment ([Edwards et al., 2013](#)). In terms of FDI inflows, Australia, Spain, and Canada are among the top 20 countries, while the United Kingdom is in the top ten Outflows of FDI ([UNCTAD, 2018](#)). There are certain similarities between the four countries, but there are also significant differences. They are all receivers of considerable Japanese FDI (Japanese External Trade Organization, 2015) and nations where human capital creation and its link to foreign investment have been hotly debated ([Edwards et al., 2013](#); [McDonnell et al., 2011](#)). Certain are significant qualities that merit concentrating on these nations. In terms of differences, they have significant institutional differences on issues like employee representation and pay determination, as well as regulations of employment conditions, with Spain being the most regulated (and approaching co-ordinate market economy status), the United Kingdom being the most deregulated, and Canada being the least regulated. The United States is connected to the Americas, particularly the United States, while Australia is connected to Asia (especially China and Japan). Canada and Australia are large commodity producers in terms of economic structure, particularly in mining, energy, and agriculture,

making them key suppliers to Japanese multinational corporations ([Jalette et al., 2019](#)). The four nations chosen have parallels and variances, which makes it possible to compare and contrast MNC HRM practices in each. In this approach, we can see if Japanese MNCs use techniques that are comparable to or distinct from those used by US MNCs. Our study contributes to a better theoretical understanding of why HRM practices are adapted or not inside MNC subsidiary operations by using the convergence-divergence paradigm. Given that “more than three decades of study into the convergence-divergence issue has failed to yield to a cohesive explanation of why HRM methods are adapted or not to a new national context ([Mellahi et al., 2013: 2341](#)), this is a significant addition. We suggest that in Japan, concepts of change and the resulting absence of a home country institution have an impact on HRM practices, MNCs are overstated. We suggest that institutional effects are far from dead, and that if there has been a process of convergence between Japanese and US MNCs, it is only a partial one, based on considerable disparities in practice in some areas. Theoretical implications are drawn for arguments about convergence and divergence, as well as the complicated evolution of HRM and ER systems in Japanese and US MNC subsidiaries. To offer a better understanding of the character of HRM and ER in Japanese and US MNC subsidiaries, we deconstruct country of origin impacts, host country institutional factors, and market competitive forces affecting MNC demands to adopt ‘universal’ HRM practices.

EXTERNAL AND INTERNAL STRATEGIC IHRM FITS

The alignment of the firm's strategy, structure, and human resource elements is a basic problem of strategic management ([Tichy, Fombrun, & DeVanna, 1982](#)). Developing good strategic human

resource practices necessitates the management of two fits at the same time, external and internal. The external fit requires that “the components of human resource management must fit with and support each other” at each major developmental stage (e.g., life cycle phase) of the organization; the internal fit requires that “the components of human resource management must fit with and support each other” ([Baird & Meshoulam, 1988: 122](#)). As a result, the internal fit is concerned with the interaction between distinct human resource roles (e.g., selection, training, performance appraisal, compensation). According to an analysis of the IHRM literature, Baird and Meshoulam's (1988) external and internal fit ideas are insufficient for dealing with MNCs and must be broadened in many ways to deal with the complexity of the international component.

Excellent IHRM Fit

In terms of external fit, one of the primary goals of IHRM practices is to promote successful cross-cultural engagement ([Black & Mendenhall, 1990](#)).

According to Adler and Ghadar ([1989: 180](#)), IHRM techniques are essential in assisting MNCs in adapting to cross-cultural difficulties overseas: “We continue to question if culture influences organizational functioning rather than the more relevant when, or under what conditions it does so.”

MNCs must cope with not only the cross-cultural environment, but also the cross-national environment, which encompasses the social, legal, and political environments of the different foreign nations in which they operate ([cf. Adler, 1986](#)). The nature and history of labor unions and management, national entry barriers (tariffs, quotas, and other border restrictions), local national government effects (preference in terms of purchasing

arrangements, subsidies, research expenditures, and so on), and industry regulations and associations are some of the specific elements of the cross-national environment ([Leontiades, 1985](#)). To establish this fit with its environment, the MNC must continually include a number of host-country natives and trained expatriates in order to create the three-way congruence necessary for effective cross-cultural management practices ([Davis, Kerr, & Von Giinow, 1987](#)). As a result, a second form of external fit is the extent to which IHRM techniques are used to help the MNC adapt to its cross-cultural and cross-national settings.

Internal IHRM Fit

The internal organizational structure of MNCs is a second key issue in terms of fit. In most discussions of fit, authors have assumed an organizational level of analysis (e.g., [Baird & Meshou lam, 1988](#); [Lengnick-Hall & Lengnick-Hall, 1988](#)) and, as a result, have viewed the organization in monolithic terms; they show little appreciation for differences arising from different divisions, geographic areas, and firm subsidiaries. With diverse combinations of corporate office, key business units, subsidiaries, overseas affiliates, or joint ventures, the MNC can have a wide variety of organizational configurations. Furthermore, within a same MNC, there are frequently significant structural variations. A Western MNC's North American and European activities, for example, may be structured and operated substantially differently than its Asian ones. Furthermore, IHRM procedures are frequently structured differently than the rest of a multinational corporation's foreign activities ([Dowling, 1989](#)). We shall divide MNCs into two primary aspects for the sake of simplicity: the corporate office and the overseas subsidiary. A foreign subsidiary is a company or activity located outside of the United States that is owned by a multinational corporation

(MNC) to the tune of 50% or more ([Robinson, 1984](#)).

There has been relatively little strategic HRM study on the key links between the corporate headquarters and overseas subsidiaries to yet ([Miller, Beechler, Bhatt, & Nath, 1986](#); [Ondrack, 1985](#)). MNCs will differ in terms of their ability to accomplish external IHRM and internal HRM fits, as well as their desire for such integration ([Adler & Ghadar, 1989](#)). Distance, national boundaries, language, culture, and national loyalties are all obstacles to connections between the corporate office and overseas companies. Leontiades ([1985](#)) went on to say that there are three basic forms of organizational structure, each of which implies varying degrees of control and integration of overseas subsidiaries. ([Adler Sc Ghadar, 1989](#); [Edstrom & Galbraith, 1977](#); [Ondrack, 1985](#)) have suggested that informal organizational culture is produced via international staffing and development methods (cf. [Adler Sc Ghadar, 1989](#); [Edstrom & Galbraith, 1977](#); [Ondrack, 1985](#)). As a result, a second internal HRM fit is the degree to which human resource procedures (such as selection, training, assessment, and rewards) are consistent at the corporate and overseas subsidiary levels.

In a larger sense, research on MNCs suggests that there are four sorts of fits to examine. Although it is beyond the scope of this article to establish propositions on each fit, we provide a classification method for these fits to help us better grasp them conceptually and to direct future study. These four fit kinds are shown on a two-by-two typology in the following two dimensions.

Internal or external HRM, and within or outside the organizational unit of analysis, are depicted in Figure 1. The internal external dimension specifies whether the fit is between HRM functions (e.g.,

selection, training, evaluation, and reward systems) or between HRM functions and the wider organizational or environmental context (external). The fit between different organizational levels (e.g., within a foreign subsidiary or within the corporate office) or within a given organizational unit (e.g., within a foreign subsidiary or within the corporate office) is referred to as the within or outside organizational unit of analysis dimension (e.g., foreign subsidiary to corporate office).

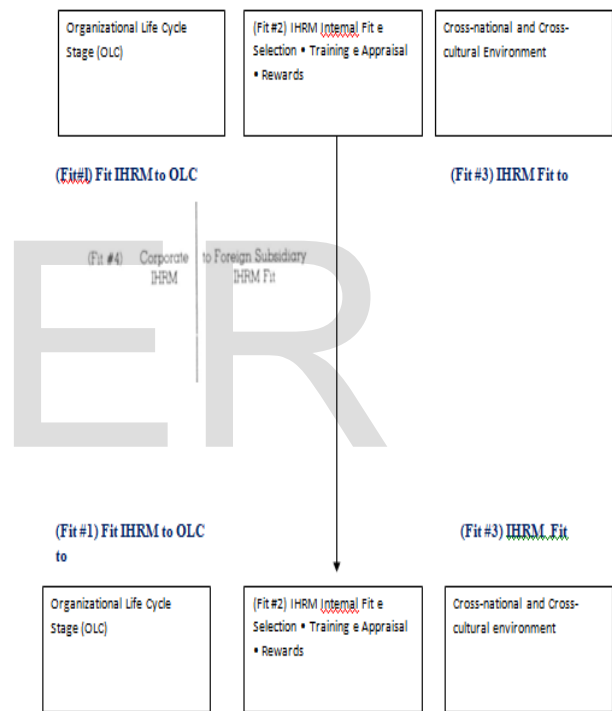
The degree of fit between the different IHRM functions at each organizational level of analysis, as shown in Figure 1, is referred to as internal-within organizational unit fit. In other words, at both the foreign subsidiary and corporate levels, the different HFIM procedures (selection, training, assessment, and incentives) should be consistent. The fit between the IHRM functions of the overseas subsidiary and the HRM functions at the corporate level is defined by the internal-outside or organizational fit. The external within organizational fit refers to the alignment of HRM functions with the organizational context or stage of the life cycle. This alignment of HRM functions occurs at both the international and domestic levels.

Figure1: Four Fits of Strategic Interactional Human Resource Management (IHRM)

	Internal Fit within IHRM Functions	External Fit of IHRM to Organizational Context
Within Organizational Level of Analysis	Internal IHRM Fit (Selection, Training, Appraisal, Rewards)	IHRM Fit to I Organizational life Cycle Stage
Outside	Foreign	IHRM Fit to

Organizational Level of Analysis	Subsidiary Fit to Corporate IHRM	Cross-cultural I & Cross-national I Environment
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Figure2 International Human Resource Management (IHRM) Concepts of Fit at the



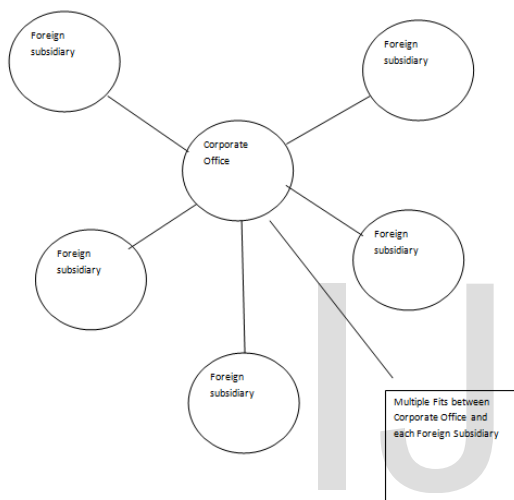
Corporate and Foreign Subsidiary Levels

At both the corporate and foreign subsidiary levels, roles and the cross-national and cross-cultural environment are addressed. These four sorts of fits exist both inside and between the corporate office and a business. Figure 2 depicts a single overseas subsidiary in detail. As demonstrated in

Figure 2, the MNC corporate office is tasked with achieving integration not just at the global

strategy level, but also with the foreign subsidiary. Furthermore, the overseas subsidiary is looking for its own line of HFIM fittings.(in relation to the unit's OLC stage, environment, and internal human resource practices).

Figure 3 Complexity of Multinational Company Fits Due to the Number of Foreign Subsidiaries



Multiple Fits for Each Foreign Subsidiary;

1. International human resource management (IHRM) to organizational life cycle stage.
2. Internal within IHRM practices.
3. HRM to cross-national and cross-cultural environment.

The Relationship between Fit and Flexibility

As previously stated, the connection between fit and flexibility is a significant unsolved topic in congruence theory and strategic management. Fit and flexibility, according to one viewpoint in the literature (cf. [Lengnick-Hall & LengnickHall,](#)

[1988](#)), are orthogonal notions, with one generally precluding the other. However, according to another set of academics, congruence theory is intrinsically about fit and flexibility, and that both notions are critical for organizational performance ([Chakravarthy, 1982; Hedberg & Jonsson, 1978; Miles & Snow, 1984; Thompson, 1967](#)). The key to strategic management, according to these academics, is dealing with change (which necessitates flexibility) and constant adaptation in order to establish a match between the firm's changing internal and external surroundings. Although the debate between fit and flexibility must eventually be decided on the basis of empirical evidence, at least two definitional concerns may be fuelling the debate. To begin with, the orthogonal viewpoint looks to be descriptive (i.e., how firms actually operate). The complementary fit-flexibility perspective, on the other hand, appears to be prescriptive (i.e., how firms should operate). Firms should aim for fit and flexibility, according to Miles and Snow (1984) (complementary approach).

However, they did not expect businesses to ever fully realize this vision (descriptive). Second, the temporal frames of these two perspectives appear to be different. The orthogonal viewpoint can be used to investigate the existence of fit and flexibility at a certain moment in time. In contrast, the complementary approach tends to consider fit and flexibility over a longer time horizon: an organization must continue to change in order to preserve or develop a fit with its environment ([Miles & Snow, 1984; Pfeffer & Salancik, 1978](#)).

Fit and flexibility are placed on distinct continuums, and we look at how both may be present in the MNC to varied degrees during its life cycle.

Institutions and the Transfer of Practices in Multinational Corporations

National institutions have been identified as important influences on employment practices at MNC subsidiaries in a significant body of research. Institutions, often known as the "rules of the game," generate pressures that MNCs must respond to in some way. ([Edwards et al., 2016](#); [Edwards, Marginson, and Ferner, 2013](#)). Because MNCs, by definition, span multiple national environments, subsidiary managers must resolve a conflict between the desire to gain legitimacy within the MNC by adopting globally standardized practices favored by higher levels of management and the desire to gain legitimacy in their local environment by adapting to contextual norms. The term "institutional duality" is commonly used to describe this conflict ([e.g., Kostova and Zaheer, 1999](#); [Roth and Kostova, 2003](#)). If we are to comprehend the nature of employment practices in Japanese and US MNCs' international operations, we must situate this within an examination of By conforming to contextual norms, managers and their local environment acquire legitimacy at the same time. The term "institutional duality" is commonly used to describe this conflict ([e.g., Kostova and Zaheer, 1999](#); [Roth and Kostova, 2003](#)). If we want to understand the nature of employment procedures in Japanese and US multinational corporations' international operations, we need to look at the institutions and practices in their home countries.

For US MNCs, there is evidence that their home country institutions affect the forms of management control across borders. The development of strong capabilities in a range of management functions at the centre of large, multi-divisional firms capable of setting the strategic direction and monitoring processes and outcomes across geographically dispersed operations is one of the distinguishing features of American capitalism ([Pudelko and Tanzer, 2013](#)). These 'organizational capabilities'

allowed US MNCs to extend these forms of control to the international level, resulting in a highly formalized, reliant on rules and procedures form of decision making ([Ferner et al., 2004](#); [Pudelko and Tanzer, 2013](#)), and the ability to transmit US style HRM throughout the world ([Ferner et al., 2004](#); [Pudelko and Tanzer, 2013](#)). ([Brewster, Mayrhofer and Farndale, 2018](#)). In this respect, the institutions in the place of origin influence how US multinational corporations manage their worldwide operations.

Furthermore, there is reason to believe that institutions in the country of origin will influence the methods that MNCs use in their international operations. The financial sector's advancements in the United States have had an impact on the system as a whole ([Deeg, 2012](#)). The rise of activist institutional investors, the existence of a market for corporate control, and the deregulation of many securities markets have put pressure on other spheres, including the labor market; these changes, combined with other factors, have contributed to a marked contraction in the role of employee representatives in general and collective bargaining in particular.

As a result, we should anticipate US multinational corporations to be hostile to organized labor. An emphasis on individualism, which is a consequence of both formal institutions in the United States, especially anti-collectivist forms of labor regulation, and more informal institutions and norms that support and justify these practices, corresponds to this antipathy ([e.g., Almond and Ferner, 2006](#)). As a result, HRM practices at US MNC subsidiaries are likely to emphasize formal control systems, performance-related pay, non-union management techniques, and a focus on management prerogatives ([Brewster, Mayrhofer and Farndale, 2018](#); [Kaufman, 2014](#)).

In many aspects, domestic institutions in Japan differ from those in the United States. Despite recent developments, the financial system has been characterized by stable ownership, with cross-shareholdings amongst keiretsu businesses being a key defining trait ([Aoki and Lennerfors, 2013](#)). These networks of companies, kept together by ownership ties, created a platform where employment practices were similarly stable. For example, many businesses built strong internal labor markets characterized by managerial positions being filled by promotion from inside ([Sekiguchi, 2006](#)), resulting in managers being perceived as insiders with lengthy service. We could anticipate this emphasis on management as insiders and personal forms of control to be visible in how Japanese companies function across borders.

The stability of ownership not only influenced management career pathways and modes of control, but it also provided the groundwork for different employment practices, many of which appeared to be critical to Japanese businesses' success ([Sekiguchi et al., 2016](#)). The mutually reinforcing 'three pillars' were an important component: life-time employment was offered to a cohort of core personnel in big industrial organizations to assure employment stability and strong commitment from employees ([Shiraki, 2007](#)); Seniority-based wages supplemented life-time employment by providing pay and advancement based on length of service with the organization ([Peltokorpi and Froese, 2016](#)); and enterprise unions were based at the company level and served as the unit for representing and protecting employees' interests and welfare ([Zhu and Warner, 2000](#)). These practices were combined with practices designed to involve employees in the organization of work and process improvements, tapping employee knowledge and attempting to reduce defects and waste in what became seen as

highly successful quality enhancement and cost minimization business strategies in sectors such as electronics and automotive.

However, in Japan, things have changed. One aspect of this has been senior executives' lack of faith in conventional Japanese management ([Pudelko, 2009](#)). In addition, institutions and behaviors in Japan have evolved. The keiretsu ties have been unraveled in certain situations as important players' faith in the profitability of other companies in their network has weakened. Nissan is a great illustration of this trend. In the employment arena, lifelong employment has been reduced in scope and, in some ([Aoki and Lennerfors, 2013](#)), circumstances, reinterpreted as 'lifetime career assistance,' in which companies commit to assisting their employees in remaining in employment but are not required to do so. Seniority-based compensation has also declined in prominence as some companies have experimented with merit- and performance-based pay systems, as well as increased usage of a peripheral workforce of temporary workers ([Aoki, 2008](#)). According to [Aoki et al. \(2014: 2569\)](#), "it is clear that cost-cutting demands, in particular, Particularly since 2008, they have contributed to the growing impact of a market-logic price system or the Anglo-American model." In general, the Japanese model has been increasingly open to outside influence. According to [Vogel \(2006: 220\)](#), "Japanese businesses have more foreign owners, managers, and commercial partners than ever before, and these international players bring new practices and conventions with them." This may also be explained by the 'global' export and spread of American-style HRM and HPWS as 'best practice' methods to human resource management ([Kaufman, 2016](#)). The magnitude of these modifications appears to have resulted in a hybrid model rather than a total transformation.

According to Whittaker (2013: 259), Japanese employment relations are currently regarded to be “somewhere between the organizational pole of the ‘classic model’ and the ‘market pole’ of, say, the United States.” Any departure from conventional Japanese management techniques must thus be viewed in the light of the importance of complex group connections and lasting ideals of security and stability ([Carr and Pudelko, 2006](#); [Pudelko, 2005](#)). Vogel (2006) argue that the interests of those in Japan have been in preserving a degree of continuity with the past in a process of selective change that he terms ‘patterned innovation’. This raises an essential point about Japanese MNC subsidiaries' HRM and ER policies in comparison to their US counterparts operating in the same countries: Is there a substantial difference in practice between the two groups, as suggested by an interpretation of institutional effects? Or, conversely, have Japanese MNCs gone further than domestic businesses in losing a unique Japanese flavor to their operations, to the point that there are no major differences between Japanese and US MNCs, as Pudelko and Harzing (2007) claim? In the next section, we describe the convergence-divergence paradigm briefly, then use the logic of institutional differences to create hypotheses about the amount of differences between US and Japanese MNCs. Framework for convergence and divergence. In recent years, comparative and international HRM researchers have increased their focus on the convergence-divergence of HRM practices ([Mellahi et al., 2013](#); [Brewster, Mayrhofer and Cooke, 2015](#)). Scholars have focused on how HRM practices across different nations are evolving and the extent to which they are becoming similar or distinct in the convergence-divergence literature ([Mellahi, Kamel, Mehmet Demirbag, David G. Collings, Ekrem Tatoglu and Mathew Hughes \(2013\)](#) Kaufman, 2016).

Brewster, Sparrow, and Vernon (2007) offer a four-tiered typology to capture the complexity of HRM convergence-divergence. Fourth, divergence occurs “when the trend moves in different directions” (p. 68-69). [Kaufman \(2016\)](#) adds some more types, such as majority convergence (organizations in various countries becoming increasingly similar) and cross convergence (conflicting pressures from cultural versus economic practices).

Given that the main paradigm of HRM/HPWS was developed in the United States and that US-style HRM has consistently been shown to result in higher levels of individual and organizational performance, the US model of HRM is frequently used as a benchmark in much of the convergence-divergence HRM literature. Furthermore, many HRM experts think that US-style HRM/HPWS techniques increase individual and organizational performance across a wide range of nation situations, regardless of cultural or institutional variations (e.g., [China, see Choi, 2019; Ma, Shu, and Zhong, 2019; Liu and Wang, 2019](#)).

As a result, Mellahi et al. (2013: 2343) contend that “there is an assumption that US models would gain hegemonic status in the global corporate environment, and that all HRM practices would eventually converge on this US model.” Scholars using the varieties of capitalism framework, on the other hand, argue that institutional forces are strong and that there is no evidence of final convergence of HRM practices due to the “countervailing effects” of local cultures (e.g., social preferences) and institutions (e.g., [legal regimes, religions, history, and political and business systems, see Brewster, Mayrhofer, and Cooke, 2015; Kaplan, 2015](#)). Kaufman (2016,

Furthermore, Kaufman (2016) contends that, given the need for organizations to adapt to global

competition, HRM practices will be influenced by the international division of labor, as well as opportunities for competitive advantage through differentiated use of HRM practices (as influenced by the production of low-cost versus differentiated goods and services), which will invariably lead to cross-national agglomeration.

MODELS OF ORGANIZATION:

In order to do this, a longitudinal model of strategic IHRM practices is required. Identify the circumstances under which a company is most likely to seek fit and/or flexibility over time. Vemon (1966) established product life cycles (PLCs), and Adler and Ghadar's (1989) refinement has been widely utilized to define how multinational corporations (MNCs) have evolved PLCs, on the other hand, are difficult to apply to MNCs .due to variables such as the short length of many businesses' life cycles (e.g., [high technology](#)) ([Von Glmow, 1988](#)) and the availability of several goodsand, as a result, many PLCs inside the organization's various components ([Milkovich, 1988](#)). As a result, we will concentrate on other sorts of organizations. Models should be changed. Organizational change models are classified into four major categories: evolutionary, stage, metamorphosis, and OLC ([Baird & Meshoulam, 1988](#)).

Proponents of evolutionary models have claimed that in order to "fit" with changing external conditions, an organization must have enough flexibility. If not, the organization will "die" ([Hannan & Freeman, 1977](#); [Pfeffer & Salancik, 1978](#)). These models differ in the extent to which the organization is perceived to be capable of making decisions that allow it to manage its environment. For example, population ecologists propose that organizations produce random variants

from which the environment will choose ([Pfeffer, 1982](#)).

A second type of model, stage models, explains the progressive placement of building pieces from one stage to the next. Some of these theories imply that an organization may make strategic decisions that allow it to adapt to its environment ([Chandler, 1962](#)). At least some of these models provide implicit fit and flexibility. However, the models are deterministic in nature, presuming that all organizations would go through the stages without fail. Metamorphosis models ([for example, Greiner, 1972](#); [Miller & Friesen, 1980](#); [Tushman & Romanelli, 1985](#)) explain the evolution of an organization through time. The organization's fit with the environment and among intraorganizational gestalts then undergoes a revolution—a distinct, sudden readjustment. During the stable periods, fit is sought among clusters of variables, whereas flexibility is required in response to the revolution phases. There are various OLC models, such as those reported by Kimberly and Miles (1980). ([cf. Cameron & Whetten, 1988](#)). They differ greatly in a variety of ways, including the number of phases. The OLC model typically comprises birth, growth, maturity, and, in certain cases, decline. According to OLC models, an organization must complete one stage before moving on to the next.

Within broad categories of such models, there may be as much variety as there is between categories. The OLC, for example, is generally described as static and predictable. However, OLCs may differ in the number of phases they contain ([Drazin & Kazanjian, 1990](#)), the degree to which advancement through a specific sequence of stages is viewed as necessary for organizational performance, and the model's sensitivity. in response to environmental forces Not only is there a broad range of variation

among these change model types, however a specific change model may occasionally be as simple as .It is quite easy to fall into one group as well as another. As a result, a search was conducted for important traits independent of any one model category that would be beneficial in understanding changes in HRM practices through time. The most essential requirement was that a model be compatible with our "gestalt" notion of fit. This description represents our evaluation of MNC change through time as interacting with the environment ([Thompson, 1967](#)), complex, and fluid. We are looking for broad trends among the clusters as we investigate various fits among several internal and environmental clusters of variables across time. The model may include phases, but it cannot be deterministic due to the interaction of organizational and environmental influences. The OLC proposed by Miller and Friesen (1980) is the best consistent with these requirements. Miller and Friesen investigated 54 factors, including environmental (e.g., dynamism, antagonism), organizational structure, and strategy variables. Based on their research of 181 historical eras from three dozen businesses, they found that phases were not predictable, but rather "central trends." Fit between organizational components was seen as gestalts of variables that tend to cluster together.

an approximate chronological listing of stages: birth, development, maturity, and resurrection

Organizations tend to evolve incrementally, and organizational parts prefer to cluster together. When performance deteriorates or a new leadership is installed, the company may undergo a revolution to better align the organization with its environment ([Miller & Friesen, 1980](#)). The organization then tends to go through a very complex transition, a quantum shift in a huge number of interconnected organizational factors. As a result, despite not being

a stereotypic OLC, this particular OLC is employed to construct our congruence theory framework. As a result, this model is more in line with scholars who have criticized the life cycle approach.

The consequences of the Miller-Friesen life cycle approach, for example, are similar to Lengenick-Hall and Lengenick-strategic Hall's HRM model in many aspects (1988). Both writers agree that strategic decisions can influence the development, pace, and direction of OLC phases. We suggest that Miller and Friesen's conceptualization of the OLC as applied to HRM will provide a number of insights into the relationship of fit to flexibility at different points in time in MNCs.

HT AND FLEXIBILITY IN OLC AND STRATEGIC IHRM

Strategic HRM practices have benefited from the use of OLC models. For the home setting, Baird and Meshoulam (1988) created a five-stage OLC model. Interestingly, both Baird and Meshoulam's (1988) OLC model and Adler and Ghadar's (1989) international PLC model predicted similar HRM behaviors at various phases of organizational growth. In an international setting, however, neither adequately addressed the dual themes of fit and flexibility.

As a result, while a significant number of research have utilized the four-stage model ([see Baird & Meshoulam, 1988](#)) and there is empirical evidence for a four-stage model ([Drazin & Kazanjian, 1990](#)), we shall rely on four phases as well. Organization commencement, functional growth, controlled development, and strategic integration are the four OLC phases utilized here, according to Baird and Meshoulam (1988), and they are quite similar to Miller and Friesen's (1984) birth, growth, maturity, and revival stages. The organizational context and

IHRM practices for each step will be examined in the sections that follow. Propositions are made that explain how fit and flexibility are likely to be connected to HP practices (descriptive) and how these notions may be handled most effectively to enhance organizational effectiveness (prescriptive).

Context of the organization :

A new company is distinguished by its inception, entrepreneurship, informal management, and restricted goods and markets" ([Baird & Meshoulam, 1988: 118](#)). In the early stages of product development, a company is likely to prioritize R&D, placing a high value on entrepreneurship. Furthermore, because the business is only starting to establish foreign markets, it typically has an ethnocentric cultural, as well as a short-term, viewpoint (Adler & Ghadar, 1989; Dowling & Schuler, 1990).

IHRM procedures: Most personnel procedures are handled by line managers in the early stages of the business, and the primary IHRM emphasis is on basic recruiting and pay programs ([Baird & Meshoulam, 1988](#)). At this time, the organization's HRM practices are focused on the short term because it is largely focused on local R&D and has only recently begun foreign sales.

During this period, most staffing and other HRM procedures are ad hoc; expatriates are often chosen for their technical abilities and frequently get no intercultural training ([Adler & Ghadar, 1989; Pucik, 1984; Tung, 1988](#)).

Fit and flexibility: In the initial OLC stage, the top management of the firm is likely to focus on entrepreneurship and short-term survival, and, thus, it is unlikely to emphasize support services. At this point, management can be expected to place little emphasis on deliberately obtaining the four IHRM

fits or developing human resource capability for future flexibility. Therefore, fit and flexibility in the first stage of the OLC can be described in the following proposition:

Proposition 1: In the initial stage of the OLC, the international firm will be characterized by low levels of both.

Its human resource methods are characterized by adaptability and fit. Despite the fact that the MNC is unlikely to produce a high level of HRM fit and the research clearly suggests that flexibility is a key issue in U.S. MNCs, a failure to pay attention to human resource procedures. MNCs in the United States have high expatriate failure rates compared to European MNCs mainly because of the lack of sophisticated selection, training, spouse/ family, and repatriation programs and policies (Adler, 1986; Adler & Ghadar, 1989; Black & Mendenhall, 1990; Tung, 1988). The typology of strategic HRM developed by Lengnick-Hall and Lengnick-Hall (1988) is beneficial in creating prescriptive propositions for organizational effectiveness by OLC stage. Their approach is built on two dimensions: corporate growth aspirations, which are a proxy for the organization's aims, and organizational readiness, which reflects how effectively the company can implement its strategy and operations. A freshly developing business with short-term objectives and operating in an unpredictable environment must carefully balance short-term cost efficiency with long-term adaptability ([Lengnick-Hall & Lengnick-Hall, 1988](#)). As a result, the following prescriptive statement is proposed by this literature:

Proposition 2: Organizational effectiveness will be maximized in the first OLC stage when the MNC attempts to achieve levels of IHRM fit and flexibility based on an analysis of both benefits and

costs, as well as short-term and long-term goals of its human resource practices.

Future study will be needed to indicate how environmental and organizational elements will mitigate this connection.

Proposition 3: The MNC will prioritize moderate to high levels of flexibility and low to moderate levels of fit in the second OLC stage.

The development quadrant from Lengnick-Hall and Lengnick-(1988) Hall's strategic HRM model is characterized by strong growth and poor organizational preparedness, and hence corresponds to the second OLC stage. During the development stage, the company must begin to thoroughly assess its functional strengths and shortcomings, as well as set realistic growth goals. If strategic conditions are favorable, firms in the growth stage that are devoted to long-term goals may attempt to generate a greater degree of fit. Given the volatility of the environment, companies dedicated to short-term goals should aim to generate more flexibility than fit ([Lengnick-Hall & LengnickHall, 1988](#)). As a result, given the fast growth and low organizational MNC efficacy will be maximized in the second OLC stage if the following requirements are met:

Proposal 4A: Greater environmental unpredictability and a focus on short-term goals in present markets will drive MNCs to prioritize IHRM flexibility above fit. **Proposition 4B:** In present markets, more environmental certainty and commitment to long-term goals will drive MNCs to prioritize IHRM fit above flexibility.

Stage 3: Managed Growth

Context of the organization At this point, the MNC is huge and established, with significant international markets. As a result, senior

management's primary focus is on developing its organizational structure and management techniques, as well as controlling its large foreign operations ([Adler & Ghadar, 1989](#); [Dowling & Schuler, 1990](#)). Firms in the third stage, according to Baird and Meshoulam (1988: 119), have a strong demand for measurement and control and are "characterized by professional management, scarce resources, fresh acquisitions, and diverse product lines." The emphasis here is on productivity and cost effectiveness, and the costs of fresh planned initiatives and more specialization must be justified." Similarly, Adler and Ghadar (1989) stated that at this stage, the MNC focuses on price competitiveness and lowering operating expenses by shifting manufacturing to nations with the lowest prices.

IHRM procedures: At this point, the MNC is likely to prioritize HRM practices that will result in tight integration and management of its foreign operations ([Adler & Ghadar, 1989](#)) At this point, human resource practices are

characterized by professional management and the use of advanced analytical tools ([Baird & Meshoulam, 1988](#)). However, because the firm is principally concerned with control ([Baird & Meshoulam, 1988](#)) and cost efficiency, it will only moderately emphasize long-term career development

and cross-cultural sensitivity ([Adler & Ghadar, 1989](#)) Flexibility and fitness. The main issue for executives in the third stage is how to manage, coordinate, and oversee the rapidly expanding and widely distributed activities of abroad divisions. As a result, the third OLC stage is distinguished by regulated development, bureaucracy, and specialization of operations and support services (e.g., human resources). At this stage, management

(and its more sophisticated human resources services) are likely to concentrate on increasing congruence among its various divisions and initiatives. The following concept describes fit and flexibility at Stage 3:

Proposition 5: In the third OLC stage, MNCs will prioritize fit above flexibility in IHRM processes.

Because companies predict modest growth, Lengnick-Hall & Lengnick-(1988) Hall's productivity quadrant is similar to the third OLC stage. High level of organizational preparedness. These companies may either maintain their existing fit to enhance efficiency and revenues, or they can seek more flexibility by directing more resources to new initiatives and regions.

If the MNC commits to existing niches and markets, it is expected to prioritize fit over flexibility. If, on the other hand, the MNC decides to seek out new product/market sectors and niches, the business is expected to stress flexibility in order to develop and adapt. As a result, organizational effectiveness will be maximized in the third OLC stage if the following conditions are met:

Proposition 6A: If the MNC focuses on current markets and goods, it will prioritize IHRM fit above flexibility.

Proposition 6B: If the MNC's focus is on new markets and goods, it will prioritize IHRM flexibility above fit.

Fourth Stage: Strategic Integration

Context of the organization:

The need for local responsiveness, integration due to the increasing interdependence of resources and responsibilities across subsidiaries and countries, and the increasing influence of foreign employees at

top management levels are three factors that may cause the MNC to evolve into the fourth stage ([Adler & Ghadar, 1989](#); [Dowling & Schuler, 1990](#); [Von Giinow & Mohrman, 1990](#)). During the fourth stage, "The emphasis of management is on flexibility, adaptability, and integration across company activities. The stage is distinguished by teamwork, full integration of functional areas, strategic management, highly developed monitoring capacities, and the capacity to adapt to changing conditions." " ([Baird & Meshoulam, 1988: 121](#)). In an advanced organizational stage, the MNC may establish new IHRM practices as well as a complex set of new organizational forms that reflect multicentric interests, such as cooperative alliances, consortia, networks, joint ventures, and other nontraditional global structural forms ([Galbraith, 1990](#); [Pucik, 1984](#))

IHRM procedures:

Because the MNC is frequently facing increased global competition to survive at this stage, it must have a long-term perspective and develop a cadre of expatriates who can steer it with a global vision ([Adler & Ghadar, 1989](#)) at both the subsidiary and corporate levels. "Human resource programs should be integrated not just among themselves, but also with other departments such as accounting, marketing, and operations" ([Baird & Meshoulam, 1988: 121](#)), and these programs should have a clear effect on strategic business decisions.

Flexibility and fitness. At this point, the company aims for tight integration across its different foreign operations as well as sensitivity to local conditions. Because of these circumstances, multinational businesses have developed more effective and forward-thinking IHRM procedures in order to adopt matrix, transnational, and other innovative organizational structures ([Adler & Ghadar, 1989](#);

[Dowling & Schuler, 1990](#); [Pucik, 1984](#)). As a result, the proposition below explains fit and flexibility at the fourth OLC stage:

Proposition 7: MNCs in the fourth OLC stage will prioritize both high fit and high flexibility in their IHRM practices.

MNCs in the fourth stage frequently have significant and interconnected overseas affiliates and face intense rivalry; as a result, they frequently move aggressively to enter new markets and preserve existing market niches. A business with high growth aspirations and organizational preparedness has the capacity to attain high fit; nevertheless, high fit must be carefully balanced against future environmental changes and organizational demands ([Lengnick-Hall & LengnickHall, 1988](#)). The nature of the company's short-term vs long-term aims will decide how much flexibility it seeks. Thus, organizational effectiveness will be maximized at the fourth OLC stage if the following requirements are met:

Proposition 8A: If there is a greater commitment to long-term goals in existing markets, the MNC will seek both fit and flexibility, but will prioritize fit.

Proposition 8B: If there is a larger commitment to short-term goals in both new and existing markets, the MNC will seek both fit and flexibility, but with a higher focus on flexibility.

A breakdown of how fit and flexibility are predicted to differ each OLC stage. Figure 4 depicts this. It is critical to understand that this statistic reflects a descriptive evaluation More information on organizational and environmental circumstances is required to identify conditions that will maximize organizational performance. Figure 4 depicts the MNC in the first OLC. stage does not prioritize

support services and, as a result, does not concentrate on Personnel practices might be either fit or flexible.

To meet its quick growth internationally, the business in the second OLC stage stresses fit to a somewhat greater extent while focusing largely on flexibility. The MNC generally prioritizes internal control in the third OLC stage in order to manage its many foreign divisions, and hence wants high fit and low to moderate flexibility.

In the fourth OLC stage, the MNC tries to achieve both high fit and flexibility in its IHRM practices in the face of rising global competitiveness and organizational sophistication.

Framework for convergence and divergence

In recent years, there has been an increase in the study of the convergence-divergence of HRM practices among comparative and international HRM academics ([Mellahi et al., 2013](#); [Brewster, Mayrhofer and Cooke, 2015](#)). Scholars have focused on how HRM practices across countries are evolving and the extent to which they are becoming similar or dissimilar in the convergence-divergence literature ([Kaufman, 2016](#)). Brewster, Sparrow, and Vernon (2007) propose a four-tiered typology to describe the complexities of HRM convergence-divergence.

First, directional convergence occurs “when the trend is in the same direction”; second, final convergence occurs “when the trend is not only similar but also toward a common end point”; third, stasis occurs “when there is no change”; and fourth, divergence occurs “when the trend is in different directions” (p. 68-69). Kaufman (2016) adds some further variations, such as majority convergence (organizations in different nations becoming increasingly similar) and cross convergence

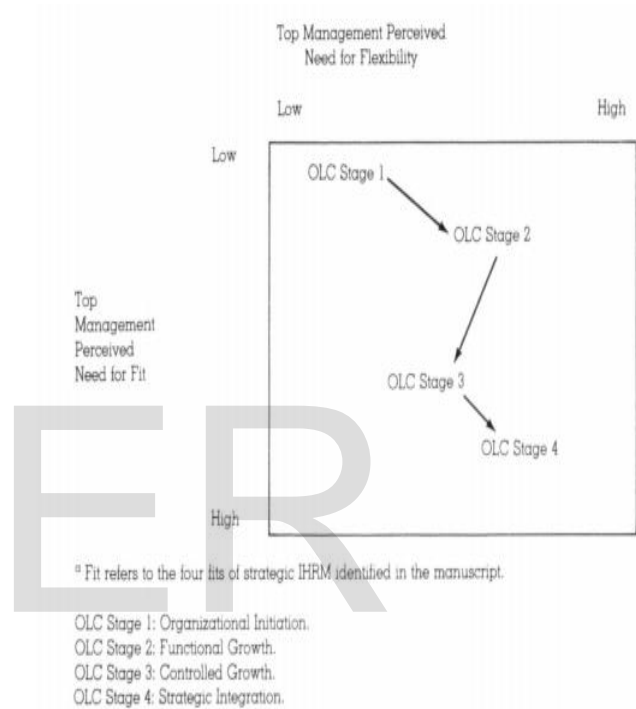
(conflicting pressures from cultural versus economic practices). Given that the main paradigm of HRM/HPWS was created in the US and that US-style HRM has been proven to regularly lead to better levels of individual and organizational performance, the US model of HRM is frequently used as a benchmark in much of the convergence-divergence HRM literature. Furthermore, many HRM researchers unanimously agree that US-style HRM/HPWS methods lead to greater levels of individual and organizational performance in different national contexts, regardless of cultural and institutional variations (e.g., China, see Choi, 2019; Ma, Shu and Zhong, 2019; Liu and Wang, 2019). As a result, Mellahi et al. (2013: 2343) write that “there is an assumption that US models would achieve a hegemonic position in the global business setting and that all HRM practices will eventually converge on this US model.” Scholars using the varieties of capitalism framework, on the other hand, argue that institutional forces are powerful and that there is no evidence of final convergence of HRM practices due to the ‘countervailing effects’ of local cultures (e.g., social preferences) and institutions (e.g., legal regimes, religions, history and political and business systems, see Brewster, Mayrhofer and Cooke, 2015; Kaufman, 2016). Furthermore, Kaufman (2016) contends that, given the need for organizations to adapt to global competition, HRM practices will be influenced by the international division of labor, as well as opportunities for competitive advantage through differentiated use of HRM practices (as influenced by the production of low-cost versus differentiated goods and services), which will invariably lead to cross-national agglomeration.

DISCUSSION AND RECOMMENDATIONS

This article has made significant additions to congruence theory in terms of the number of fits

necessary and the link of fit to flexibility in strategic IHRM by using a life cycle model in MNCs.

Figure 4 Top Management Perceived Need for Flexibility and Fit^o in International Human Resource Management by Organizational Life Cycle (OLC) Stage



Furthermore, the international approach sheds some light on the boundary circumstances under which organizational life cycle models may be applied.

An in-depth examination of the MNC reveals that the concept of fit in human resources should be expanded from two to four types, as proposed by Baird and Meshoulam (1988): (1) fit between the IHRM functions and the OLC stage, (2) fit internally within various human resource functions, (3) fit between the human resources practices and the firm's cross-national and cross-cultural environment, and (4) fit between the human

resources practices and the firm's cross-national and cross-cultural environment. In addition to the two additional categories of fit, we recommend that the first three be examined within the context of their respective organizational level of analysis (e.g., corporate or foreign subsidiary).

The creation of a model of strategic IHRM practices based on an OLC approach demonstrates that fit alone is insufficient for evaluating organizational effectiveness conditions. Instead, before making claims about organizational effectiveness, fit must be examined in conjunction with flexibility and in connection to specific organizational and environmental variables. Based on the work of Lengnick-Hall and Lengnick-Hall (1988), the notion of human resource flexibility is presented as the extent to which strategic IHRM promotes the firm's capacity to adjust effectively and promptly to a changing organizational environment.

An examination of strategic IHRM practices in MNCs reveals that their emphasis on fit and flexibility varies by OLC stage. The MNC is in a start-up phase in the first OLC stage, and it is not overly concerned with flexibility or fit in its IHRM practices. In the second phase, the business stresses flexibility above fit in order to fulfill its rapid expansion demands. The third OLC stage is one of controlled expansion, increased structure, and control; consequently, the company concentrates on fit rather than flexibility at this time. The firm generally has a more sophisticated managerial and organizational structure in the fourth phase and faces growing environmental complexity. As a result, it must attain high levels of both flexibility and fit at the same time. When applied to the complicated MNC corporate-foreign subsidiary relationship, congruence theory reveals a requirement for the flexibility notion as a complement to that of fit. For example, consider a

multinational corporation that has a tight fit among all of its subsidiaries. Internal components may fail to respond (e.g., be adaptable) to host-country needs. However, in other cases, the MNC may be required. Its IHFIM components are tightly integrated, yet it also has the flexibility to accommodate changing needs. circumstances that are varied or rapidly changing. As a result, fit and flexibility should not be seen as diametrically opposed; the degree to which they are required by the organization and their connection to one another will differ based on the unique nature of the MNC and its external environment.

Furthermore, the international environment contributes to our knowledge of organizational life cycle models. Multinational corporations (MNCs) that were built on foreign business (e.g., import firms) are unlikely to go through the OLC in the same way that an MNC that was founded as a local operation would.

Organizations built largely on foreign products, for example, may differ in terms of the time it takes to progress through the various OLC phases and the degree of cross-cultural awareness and complexity. As a result, the MNC context aids us in better understanding the boundary circumstances under which the OLC model may apply to congruence theory and the various types of organizations. In order to build more successful stage models, additional study on organizations formed on an international vs domestic basis is required. Based on this model of MNC change through time, a number of further study topics are proposed. To begin, which sorts of MNCs could benefit most from the OLC model? According to Leontiades (1985), MNCs differ in the degree of fit that they seek between corporate and overseas subsidiary levels. Holding businesses may struggle to create flexibility, whereas federal companies may pay

insufficient attention internal organizational fit issues Integrative organizations may be best suited to strike a balance between fit and flexibility.

Second, how many OLC levels travel via MNCs? The integrated OLC model proposed here may be historically accurate at four stages, but in an increasingly complex and sophisticated global environment, will the MNC stages include another gestalt (Miller & Friesen, 1984) that we have only recently begun to recognize (e.g., new transnational forms) (cf. [Adler & Ghadar, 1989](#); [Dowling & Schuler, 1990](#); [Pucik, 1984](#))?

We currently know little about additional parameters that could influence the fit-flexibility connection over the OLC of MNCs. Potential variables include the structure of the MNC's environment and its strategic direction, technology, integration, and local response requirements, industry features, and geographic dispersion ([Dowling & Schuler, 1990](#); [Leontiades, 1985](#)).

Given the debate over the nature of fit and flexibility ([Lengnick-Hall & Lengnick-Hall, 1988](#)), it is equally critical to expose these variables to empirical investigation on a global scale. Under what circumstances do these ideas interact, and when are they orthogonal?

Such study will be challenging because researchers must evaluate the relationship between fit and flexibility at various phases of the OLC, in different types of MNCs, and by organizational level within an MNC. Furthermore, how do the four types of IHRM fit differ in regard to these factors? Researchers should also investigate how environmental and organizational factors influence the degree of fit and flexibility. What factors are most likely to be critical in promoting fit and

flexibility between the corporate and overseas subsidiary levels?

Organizational slack is one area that may be useful in investigating the nature of flexibility. Researchers ([Bourgeois, 1981](#); [Singh, 1986](#)) have found that organizational slack is related to adaptability and creativity. Furthermore, the type of slack may influence flexibility.

Singh (1986), for example, discovered that unabsorbed slack (real or projected resources that are already assimilated in the organization's architecture) is associated with increased risk taking. Similarly, Sharfman, Wolf, Chase, and Tansik (1988) proposed that the form of slack changes as a business ages. As a result, investigating the influence of organizational slack on fit and flexibility will be an essential study topic. More comprehensive study is clearly required to establish under what conditions IHRM techniques will result in fit and/or flexibility and, eventually, improved organizational success.

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Appendix

Figure 1: Four Fits of Strategic Interactional Human Resource Management (IHRM)

	Internal Fit within IHRM Functions	External Fit of IHRM to Organizational Context
Within Organizational Level of Analysis	Internal IHRM Fit (Selection, Training, Appraisal, Rewards)	IHRM Fit to Organizational life Cycle Stage
Outside Organizational Level of Analysis	Foreign Subsidiary Fit to Corporate IHRM	IHRM Fit to Cross-cultural & Cross-national Environment

IJSER

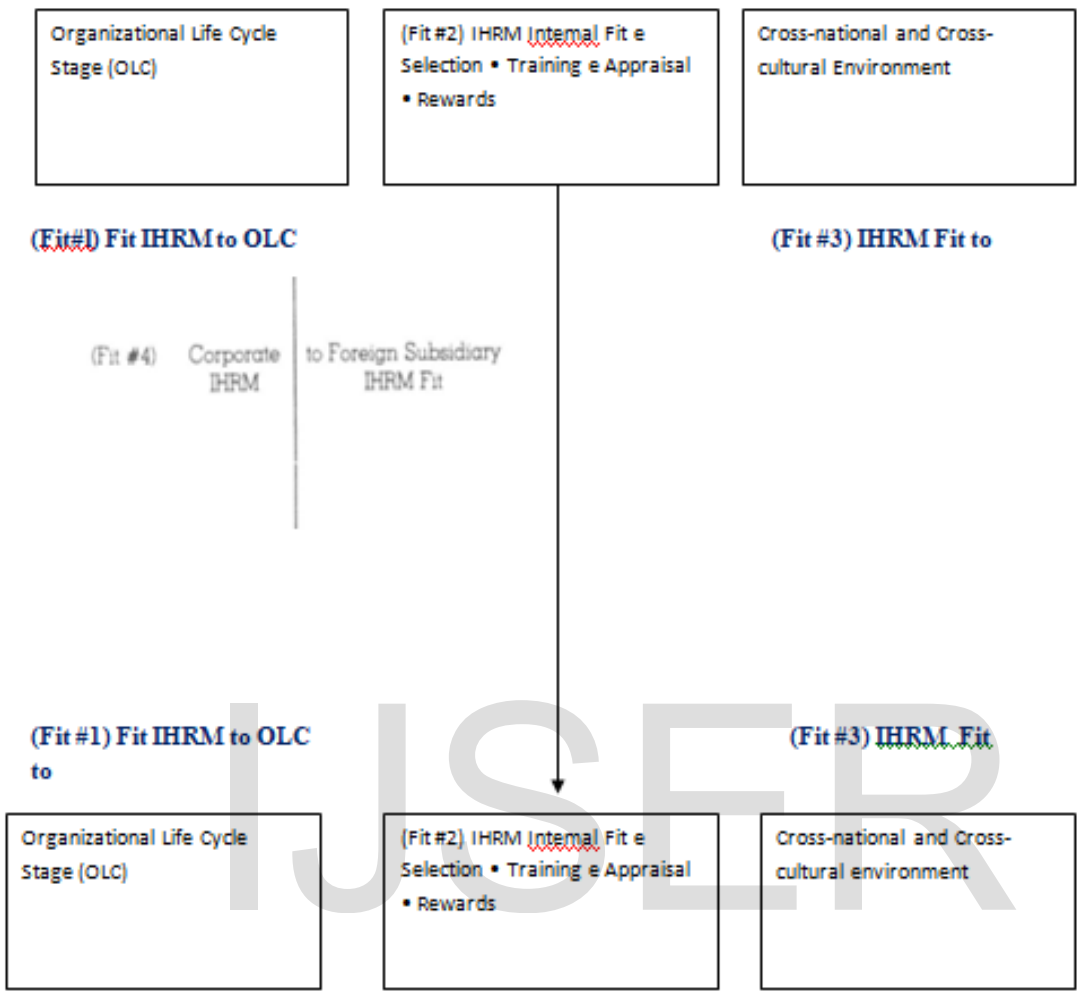


Figure2 International Human Resource Management (IHRM) Concepts of Fit at the

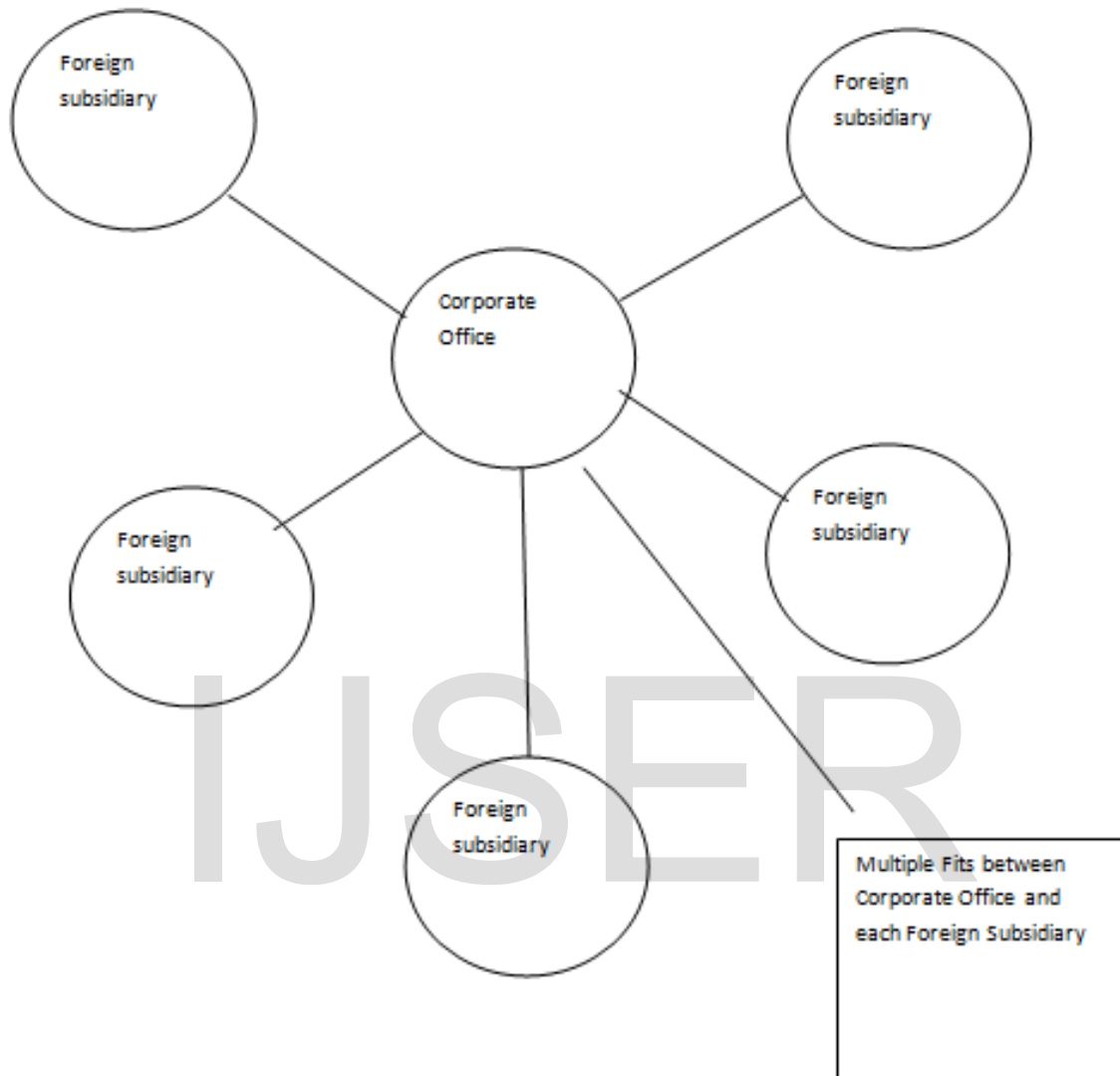
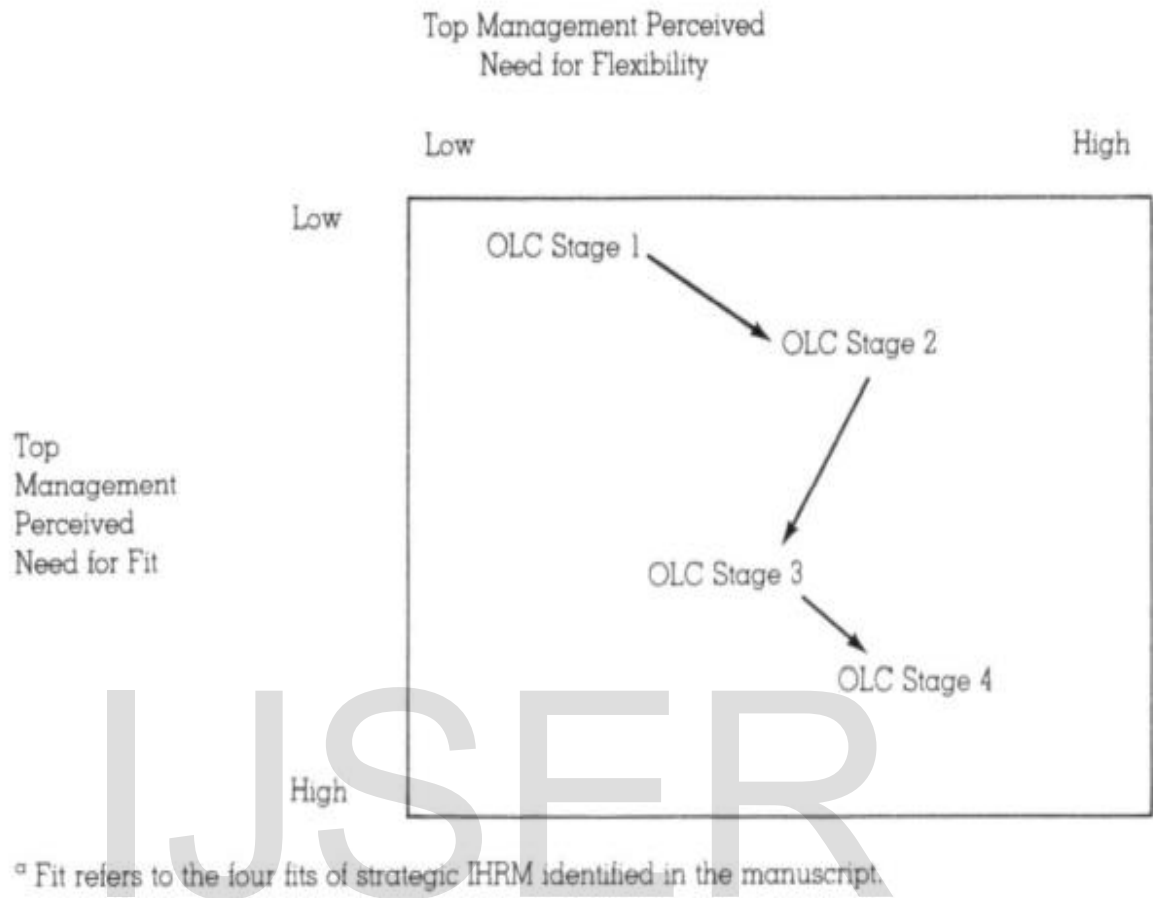


Figure 3 Complexity of Multinational Company Fits Due to the Number of Foreign Subsidiaries



OLC Stage 1: Organizational Initiation.
 OLC Stage 2: Functional Growth.
 OLC Stage 3: Controlled Growth.
 OLC Stage 4: Strategic Integration.

Figure 4 Top Management Perceived Need for Flexibility and Fit^o in International Human Resource Management by Organizational Life Cycle (OLC) Stage