

Human Resource Management in MNCs

Suwaiba Sabiu Bako

Swansea University United Kingdom

Abstract

Multinational Companies (MNCs) work in a very complex environment with diverse institutional and cultural contexts (Chung, 2018; Hoenen & Kostova, 2015). Hence, MNCs must consider the fit between headquarters and their host subsidiary companies' requirements when developing and designing their systems and practices. MNCs have to devise human resource management (HRM) policies and practices that are flexible and adaptive (Adams et al., 2017; Ayentimi et al., 2018). Moreover, MNCs have to focus on different universal systems and practices. MNCs must discover methods to achieve a competitive advantage via profits and productivity. They also must cultivate a strong sense of community, an extension of the socio-political context in which they operate. If one holds to the non-convergence notion, employment practices can only be effective if adapted to the respective cultural and institutional environment in which they run. Consequently, MNCs need to adopt the practices of their subsidiaries to the contingencies of the relevant host country (localisation effect) (Almond et al., 2017; Bartram et al., 2019). However, if more acceptance is ascribed to the convergence concept, MNCs need to standardise their practices throughout the company. Standardisation can occur around parent country practices (country of origin effect) or around the management model, which represents perceived 'best practices' (dominance effect) (Almond et al., 2017; Chung et al., 2020). When MNCs employ 'best practices' of the dominant HRM model, they require global convergence of management practices. If MNCs use their parent company's employment practices in their subsidiaries, the convergence of managerial procedures will occur within MNCs (Andersen & Andersson, 2017; Patel et al., 2018). This paper aims to investigate HRM in MNCs.

Keywords: HRM Practices, MNCs Standardisation, Localisation, Hybridisation