

Interplay of Strategic and Institutional Factors in the Process of Transfer of Human Resource Management Practices in MNCs

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Abstract

Current research on international human resource management (HRM) is structured around the issue of global standardization versus the local adaptation of HRM practices. Numerous studies tended to adopt either an institutional or a strategic perspective. This article examines the interaction between these two groups of factors when MNCs transfer HRM knowledge from their HQ to foreign subsidiaries. The integrative theoretical framework proposed and empirically validated at three MNCs suggests that the choice of the knowledge to be transferred and transfer mechanisms is determined by both institutional and strategic variables. Moreover, the effectiveness of the transfer mainly depends mainly on organizational strategy and the role of HR function in this process.

Keywords

Knowledge Transfer, Human Resource Management, MNCs

1. Introduction

Several studies state that organizational knowledge constitutes not only a crucial factor for corporate performance but is also the main source of added value in contemporary economies. The knowledge-based theory of the firm (Grant, 1996) considers knowledge as a strategic resource providing organizations with a sustained competitive advantage (Flood et al., 2003; Morris et al., 2006; Kogut & Zander, 2003). Accepting this basic idea and considering the recent evolution of the role of HR from a support function to a strategic player at the corporate level (Evans et al., 2011; Sparrow et al., 2004), HRM-related knowledge should be

considered as a strategic asset that provides an organization with a distinctive competitive advantage.

Over the last decades, a significant amount of research has been carried out on the international transfer of HRM practices. The scope of this work varies from the type of knowledge and its characteristics (Minbaeva, 2005; Szulanski, 1996) to the characteristics of the parties involved in the transfer. Considering the importance of the transfer of knowledge to MNCs and their particular mode of operating, many scholars are interested in the contextual factors that have an impact on the intra-firm transfer of HRM-related knowledge in an international setting (Smale, 2007; Almond et al., 2005; Ferner et al., 2005; Pudelko & Harzing, 2007; DeLong & Fahey, 2000). The process of internationalization of the MNC is confronted with two distinct groups of factors. The first group consists of internal factors that fall under the direct control of the company's senior management and mainly include the company's organizational strategy and structure (Morris et al., 2009; Bartlett & Ghoshal, 1998). The second group of factors encompasses variables that are external to the company, such as the cultural, social, economic and institutional characteristics pertaining to each country (Almond & Ferner, 2006; Almond et al., 2005; Ferner et al., 2005; Pudelko & Harzing, 2007; Kostova, 1999). According to institutional theory (Powell & Di Maggio, 1991; Scott, 1991), any organization is rooted in its social, economic and cultural context and, in order to be successful, an organization must comply with the existing "rules of conduct". While transferring HRM-related knowledge between units, an MNC faces a variety of institutional contexts and must find the right balance between pressures from global HQs and restrictions arising from local institutional and/or cultural context.

Adopting a contextual perspective of knowledge transfer, this study examines the interaction between internal and external contextual factors when MNCs transfer HRM-related knowledge from their headquarters to foreign subsidiaries. There are three key contributions of this study to the current IHRM literature. Firstly, in contrast to past studies in which these two groups of contextual factors were often treated separately, our study seeks to integrate these two distinct theoretical approaches and examine their influence at the different stages of the process of knowledge transfer. Secondly, as we mentioned, an extensive amount of research has been conducted on the strategic role of HRM and its influence on corporate performance, but very little is done to integrate the transfer of HRM-related knowledge into the HRM and corporate strategies of MNCs. Finally, numerous theoretical and empirical studies have analyzed the influence of contextual factors on the process of transferring the practices or effectiveness of the transfer process itself; however, no studies have examined the whole process of transfer. Our research contributes to the IHRM literature by exploring the influence of contextual factors on three theoretically distinct steps of knowledge transfer process: (1) The choice of HRM-related knowledge to be transferred, (2) The choice of transfer mechanisms and (3) The efficiency of the transfer.

This article is structured as follows. After defining the main concepts of this study, we will present the theoretical background of the intra-organizational knowledge transfers followed by research propositions; we will then outline the methodological approach used in this study. In the second part of this paper, we will present the analysis of our empirical results and, finally, we will conclude with a discussion and suggestions for future research.

2. Theoretical Background

2.1. HRM-Related Knowledge as a Source of Competitive Advantage

Knowledge management has become one of the leading concepts in the current organizational literature. This concept is rooted in a resource-based view of the firm (Barney, 2001). According to Barney (2001), one of the most valuable resources of a company is its human capital, i.e. the knowledge, skills and competencies of the employees. We define knowledge as “the cognitive perception as well as skills and expertise” of employees (Nonaka & Takeouchi, 1995). Accepting this definition, we can say that a particular way to manage human resources expressed in the design of HR systems, practices or processes constitutes valuable organizational knowledge. An important aspect of HRM processes and practices is their uniqueness. Thus, several studies refer to “strategic practices”, which are part of specific organizational capabilities (Becker & Huselid, 2006; Collins & Smith, 2006; Gupta & Govindarajan, 2000). These practices constitute the firm’s core competencies and provide it with a sustained competitive advantage because they are closely linked to individuals and are difficult to “extract” from a specific organizational context. As Barney (2001) notes, “individual HRM practices may be imitable but HRM systems and routines, which develop over time, may be unique to a particular firm and contribute to the creation of specific human capital skills.” Considering the recent evolution of the role of the HRM function in organizations, which requires it to become a strategic function and to participate in the development and implementation of the corporate strategy (Evans et al., 2011; Sparrow et al., 2004; Brewster et al., 2005; Morris et al., 2006), the management of HRM-related knowledge has truly become a leading concern for organizations.

2.2. Knowledge Transfer in MNCs

As a rational entity, an organization seeks to maximize the use of its strategic knowledge by making it available to its entire organizational network. The sharing of organizational knowledge is recognized as a critical factor of a firm’s performance, and some scholars insist that MNCs exist because of their ability to transfer knowledge between units more efficiently than markets and that this constitutes the *raison d’être* of MNCs. In light of previous studies (Szulanski, 1996), we define the process of knowledge transfer as a “dyadic exchange of knowledge between the source and destination units, which involves replicating

the system of coordinating organizational resources in such a way that a similar system can be recreated to coordinate these resources within the destination unit". This transfer process consists of three conceptually distinct stages that involve 1) identifying the knowledge to be transferred, 2) selecting the transfer mechanisms and 3) evaluating the effectiveness of the transfers. Finally, our basic assumption is that the process of knowledge transfer takes place in certain organizational, relational, economic, social and cultural contexts and could be shaped by various factors of this context. IHRM literature classifies these factors into two groups: strategic and institutional, which we present in following sections.

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2.3. Contextual Perspective of Knowledge Transfer: Strategic Framework

Resource-based theory of the firm (Barney, 2001) stresses that, in order to gain a sustained competitive advantage, a firm can develop unique HRM knowledge and practices that differentiate it from its competitors and this knowledge must be shared and integrated across the entire network of an MNC (Morris et al., 2009). To do so, the strategic choice perspective (Child, 1997) states that an organization and its top management can develop internal mechanisms that can facilitate the transfer of knowledge (De Cierra & Dowling, 2012). In order to evaluate the impact of internal factors on the transfer of HRM knowledge, in our study we take as a starting point a well-established theory of internationalization strategies proposed by Bartlett and Ghoshal (1998), which we combine with internal organizational factors from conceptual framework of De Cierra and Dowling (2012). Bartlett and Ghoshal identify major strategic orientations adopted by MNCs as follow. When the global strategy is pursued, the organizational knowledge developed by headquarters is transferred and reproduced in the subsidiaries. The multidomestic strategy, on the other hand, allows the subsidiaries to develop new knowledge to better adapt to local conditions and make the most of available locally resources. The third profile of MNCs is companies adopting a transnational strategy involving multidirectional exchanges and transfers of knowledge based on its relevance and the needs for the global network.

Another internal variable linked to strategy is organizational structure (Tsai, 2002; Kidger, 2002). The first type, the traditional hierarchical structure, is characterized by the centralization of power and the coordination of organizational activities through formal rules and processes. Tsai (2002) points out that a

strong centralization of decision-making power at the top of the organization reduces the degree of discretion exercised by local managers and prevents them from taking advantage of opportunities locally, while at the same time lowering employees' motivation regarding the knowledge transfer. The second type, an organizational structure based on lateral relations, implies a mode of coordination characterized to a greater extent by personal and informal relations. Empirical studies and observations have demonstrated that social interaction is an excellent means of transmitting and conveying new ideas (Kidger, 2002). Finally, another important internal factor suggested by De Cierri and Dowling (2012) is organizational culture, which is defined by researchers as a set of organizational values, norms, rules or expectations creating a common identity among people who work for the same organization (Kostova, 1999).

By accepting that knowledge transfer/coordination mechanisms constitute practices and/or tools implemented by a firm to reach its strategic goals, it would be logical to anticipate that these mechanisms would be influenced by strategy, structure and organizational culture (Bartlett & Ghoshal, 1998; Kidger, 2002; Tsai, 2002). Taking into account the three above-mentioned internal factors and accepting recent claims in IHRM literature that the HR function must play a more strategic role in organizations (Dowling & Welsh, 2005; De Cierri & Dowling, 2012), we can formulate the following research propositions related to the first two steps of the process of HRM-related knowledge transfer:

Proposition 1a: The choice of HRM-related knowledge transferred from headquarters to the subsidiaries, as well as the knowledge transfer mechanisms, will be determined by the MNC's internal strategic factors.

According to previous research (De Cierri & Dowling, 2012; Bartlett & Ghoshal, 1998; Kidger, 2002; Tsai, 2002), the type of international strategy, organizational structure and internal coordination mechanisms have an impact on the efficiency of intra-organizational knowledge transfer. Other studies posit that a particular set of values promoting, for example, a culture of learning or innovation, as well as the degree of "cultural compatibility" between units (Kostova, 1999) will also increase the efficiency of knowledge transfer in general and HRM knowledge in particular. To summarize all these theoretical statements, we can anticipate that:

Proposition 2a: The efficiency of the intra-organizational transfer process of HRM-related knowledge will depend on MNC's internal strategic factors.

2.4. Contextual Perspective of Knowledge Transfer: Institutional Framework

The institutional theory underlines the role of external contextual aspects in the international knowledge transfer process (Almond et al., 2005; Ferner et al., 2005; Inkpen & Tsang, 2005; Kostova & Roth, 2002). Before becoming an MNC, every company evolves in a socio-economic context specific to its country of origin. Thus, the institutional approach advocates that all organizational processes are embedded in this context and an organization follows this pattern of

country-specific management practices in order to legitimize its actions (Powell & DiMaggio, 1991). According to Scott (1991), there are three pillars of institutions: regulatory, cognitive and normative. The regulatory pillar refers to the legislative framework in force relating to the conduct of business in a given country. The cognitive pillar refers to the norms and values shared by the members of society. Lastly, the normative pillar refers, on one hand, to norms that govern the social life of a community by defining what is desirable in a given situation and, on the other hand, to standards and specifications regarding how to do things.

In the case of an MNC, the latter must deal with multiple institutional environments, which means that practices embedded in its home-country institutions may not be compatible with institutional setting of the host country (Edwards & Ferner, 2004; Kostova & Roth, 2002). Ferner (2009), Almond et al. (2005) refer to the “country of origin effect” on the behavior of companies. They argue that through its culture and institutions, a company’s country of origin exerts a determining influence on the company’s organizational strategy, structure and culture. Regarding knowledge transfers, Ferner (2009) maintains that all the steps involved, beginning with the choice of the knowledge to be transferred and the means by which the transfer will be carried out, are influenced by the MNC’s national affiliation. Applying this theoretical development to the process of knowledge transfer, we can anticipate that:

Proposition 1b: The HRM-related knowledge transferred from the headquarters to the subsidiaries, as well as the mechanisms of knowledge transfer, will be determined by the institutional framework of the MNC’s country of origin.

Another stream of research using institutional theory in IHRM focuses on institutional distance between countries as a major variable influencing the success of knowledge transfers. Previous studies suggest that subsidiaries experience the same institutional pressure in host countries as HQs located in their home country in terms of adopting local management rules and practices (Clark & Lengnick-Hall, 2012; Ferner et al., 2005; Kostova & Roth, 2002). These streams of research suggest that “institutional distance” between countries where an MNC’s units are located (Kostova, 1999) will have an impact on the efficiency of the transfer process. In addition, some scholars have also focused on the influence of the national culture on the transfer process (Bjorkman & Gooderham, 2012; Almeida & Phene, 2004; DeLong & Fahey, 2000). For the purpose of this study, we do not measure “cultural distance” between countries involved in transfers, but rather include this cultural aspect in cognitive and normative dimensions of institutional framework, which are defined in similar terms (Kostova, 1999). In line with this stream of research, we can formulate our last research proposition as follow:

Proposition 2b: The efficiency of the intra-organizational transfer process of HRM-related knowledge will depend on institutional distance between countries

where the HQs of MNCs and their subsidiaries are located.

3. Methodology

To test our theoretical propositions, we proceeded by exploratory qualitative type of research. The case-study method was chosen (Yin, 2003) to help to understand the knowledge transfer process in its entirety and to obtain detailed data on three stages of knowledge transfer. The research involved three MNCs: two Canadian MNCs with subsidiaries in France and Germany, and one French MNC with Canadian and German subsidiaries. We chose long established and well-known companies, considered in their respective countries as somewhat “typical”. While we understand that our choice is subjective and arbitrary, the international and business communities often qualify them as flagship firms in Canada and France.

We interviewed a total of 25 senior HR executives (VP-HR, HR business partners, HR senior advisers) at headquarters and in the subsidiaries; 23 face-to-face interviews and 2 telephone interviews were conducted. These semi-structured interviews lasted 1.5 hours on average. Interview guidelines comprised questions on following subjects: corporate strategy, implication of HR function in corporate decisions, HRM approach regarding subsidiaries, HRM policies and practices across the company, the way standardization of HR practices and processes was achieved across global network and factors that facilitated or impeded its implementation this knowledge transfer to subsidiaries. All interviews were recorded and transcribed in full and sent to all respondents for validation of the content. Minor corrections and clarifications were made in some cases. We used ATLAS.ti software to categorize and analyze data according to established research propositions, i.e., source of transferred HR policies and practices, mechanisms of transfer and internal and external determinants of the transfer process. Then we proceeded to data triangulation (Flick, 2007) by obtaining data from persons having different perspectives on the phenomenon (managers from HQ and subsidiaries) and combining personal interviews with other data obtained from secondary sources such as official publications, analytical reports, annual reports, etc. Lastly, the observations and the personal notes taken during our field visits, as well as informal discussions held with the managers, also turned out to be valuable sources of information. Hereafter, we briefly present the MNCs that participated in the study.

Alumine, a Canadian MNC, is one of the largest aluminum producers in the world. The company is made up of distinct business groups that specialize in extracting raw materials and processing and manufacturing various products from aluminum. At the time of the study, all Alumine business groups combined included approximately 65,000 employees and 430 plants, offices and R&D centres, spread over 61 countries on five continents. Alumine’s corporate headquarters is located in Montreal, Canada.

Telecom1 is a telecommunications company that provides technological solu-

tions including high-speed fibre optic broadband and wireless telecommunication networks, contact centres, IP telephone and television, and fixed and mobile convergence solutions. The products offered by Telecom1 include network services and technological solutions in the form of consulting services and the design, deployment, and operation of telecommunication networks. Through its subsidiaries, Telecom1 is present in more than 100 countries and employs approximately 30,000 workers throughout the world. Its headquarters is located in Toronto, Canada.

Telecom2 is a French company which is one of the world leaders in the telecommunications industry and provides a full range of “turnkey” solutions in the area of telecommunications throughout the world. The company mainly focuses on R&D activities as well as on the design, installation, and servicing of large telecommunication networks. Telecom2’s headquarters is in Paris, France. At the time of this study, there were 89,000 employees deployed in 130 countries.

4. Findings

4.1. Global HRM Activities

The results of analysis of our data indicate that performance management, development and training, and staffing (especially in case of HP employees) were the three most standardized HRM practices and processes for all units of the three companies studied. In two Canadian companies particular attention was also given to compensation structure and the global diversity management policy across the global network. The global HRM activities identified in our study largely corresponded to those identified in other empirical studies. [Farndale and Paauwe \(2007\)](#), [Pudelko and Harzing \(2007\)](#), and [Sparrow \(2007\)](#) listed, among the most standardized activities within MNCs, training and career management programs for high-potential employees, staffing (in particular, recruitment process) and performance management—or, more specifically, individual performance appraisals and the introduction of a varying compensation method based on this appraisal.

4.2. Strategic Determinants of Global HRM Activities

Our analysis suggests that Alumine and Telecom1 pursued a global type of internationalization strategy, while Telecom2 operated according to a multidomestic logic. A comparison of the internationalization strategies pursued by the three MNCs and the programs and global practices they adopted shows that HRM activities were more numerous and, notably, more consistent in Alumine pursuing a global strategy. These activities included performance management, workforce development and training, staffing, compensation, performance appraisal and diversity management. In the case of Telecom2, which pursued a multidomestic strategy, the number of global practices was more limited, pertaining to the following three types of HRM activities: performance management, workforce development and training, and staffing for high potential em-

ployees. While recognizing the intent of HQ to globalize these practices, managers from Canadian and German subsidiaries of Telecom2 stated that there is a difference between HQ intentions and the real implementation of HR practices in subsidiaries because this multi-domestic approach had been affected since the company started its international operations.

As for transfer mechanisms, the internationalization strategy did not appear to have had a significant impact on their choice. Rather, it was the specific stages in the internationalization process itself which, required that particular transfer mechanisms. Thus, our results indicate that, in a merger or acquisition context involving companies located in different countries, our MNCs tend mainly to use transfer mechanisms based on direct face-to-face contacts. In all three companies transnational teams, short-term business travel and especially expatriation were the most commonly used mechanisms of HRM knowledge transfer when new units were being integrated. As [Bartlett and Ghoshal \(1998\)](#) underline MNCs' desire to ensure that the newly integrated subsidiaries comply with the transferred global policies and practices forces them to resort to expatriation. Another type of transfer mechanisms, as mentioned by our respondents is based on all kind of direct informal contacts between persons involved in transfers. Finally, the intensive use of knowledge transfer mechanisms based on technology (virtual team meeting, knowledge DB, etc.) was also present in all three MNCs.

Overall, the results of our analyses validated our first research Proposition (1a) concerning the influence of internal factors on the choice of the HRM programs and practices to be transferred and on transfer mechanisms. The internationalization strategy and the degree to which the HR strategy was aligned with corporate strategic goals were the variables that determined the type of knowledge to be transferred from headquarters to the foreign units in all three MNCs.

4.3. Institutional Determinants of Global HRM Activities

Our results reveal the influence of the external context on the choice of HRM practices to be transferred, especially in the case of the Canadian MNCs. Among the HRM programs and practices that the Canadian MNCs sought to standardize globally, the following three were characterized by European subsidiaries managers as “a real North-American obsession”: performance management, compensation management and the policy of workforce diversity. This was confirmed by managers from HQ as well as from subsidiaries of Canadian MNCs. The importance of performance and compensation management within the two Canadian companies can be attributed to what [Ferner \(2009\)](#) refers to as the “national business system.” The North American HRM model, described in the literature as “rational” and “calculative” ([Gooderham et al., 2006](#)), is based on the systematic use of employee performance appraisal and control. [Ferner \(2009\)](#) explains this “calculative approach” by the nature of the governance system based on the principle of shareholder value. The volatile nature of invested capi-

tal entails the requirement to obtain short-term financial results, which forces companies to prioritize programs and practices that allow for better control of individual productivity.

The diversity management programs can also be attributed to the influence of the external organizational context. According to Ferner et al. (2005), the emergence of diversity policies clearly reflects the importance of this issue within North American society. Immigration and the resulting ethnic heterogeneity prevailing in the United States and Canada, as well as the feminist movement of the 1960s and 70s, pushed the issue of diversity and the equal treatment of different social groups to the forefront of public debates. During the 1990s, the social reform movement promoting diversity was institutionalized and legislative provisions facilitating access to the labor market for women and people from different ethnic groups were adopted in the United States and Canada (Ferner et al., 2005), which led to significant repercussions for corporate management practices. In the case of the French MNC, the influence of contextual variables on the choice of the global HRM programs and practices to be transferred appears to have been relatively limited.

To summarize, we could say that Proposition 1b concerning the influence of the external context on the choice of the knowledge to be transferred was validated only for the Canadian MNCs. As for the transfer mechanisms, our results suggest that Canadian MNCs emphasizes technology-based mechanisms, while in the case of European MNC preference is given to transfer mechanisms based on direct and personal contacts.

4.4. Strategic Determinants of the Effectiveness of the Transfers

The first strategic factor fostering the success of the transfer of HR practices that clearly emerged from our analysis of the respondents' comments was the involvement of senior management in the knowledge transfer process. It should be noted that the importance of senior management's commitment was recognized by all the managers interviewed. The case of Alumine was particularly illustrative of this. The desire to globalize HRM activities came directly from the company's top management, who expressed unconditional support for the deployment of global practices. In contrast, the limited involvement of senior management in the other two cases was cited as one of the main causes for the failure or ineffectiveness of such transfers. The Telecom1 managers openly acknowledged that the HR function and its activities were not among the priorities of senior management and our respondent in HQ attributes failures of implementing some global processes to the lack of support from the top and to cost cutting strategy of the company.

The same was true for Telecom2 where, according to our respondents, the global programs and practices that were relatively effective and encountered the least resistance in the subsidiaries were those that were personally endorsed by the company's senior executives. The importance of personal involvement on

the part of company directors is consistent with the logic behind the process of developing a corporate strategy which, according to Porter (1991), will necessarily be based on the vision, values, convictions and preferences of the organization's senior managers. Similarly, Nonaka and Takeuchi (1995) identify organizational intention as one of the five factors that have a decisive impact on the success or failure of a given knowledge transfer.

The second factor that determined the effectiveness of the knowledge transfers is likened to the role of the HR function in the company. In all three cases, the HR function was portrayed by the respondents as a support function for operational activities. However, a more nuanced analysis revealed three distinct HRM strategies. In Telecom1 and Telecom2, this function was of secondary importance and responded to specific requests from top management without being always involved in strategic decision-making. This attitude somewhat compromised the subsidiaries' view of the HR function, which made the transfer of HRM practices more difficult. In contrast with the other two cases, the HR function in Alumine was proactive and truly involved in corporate strategic decisions, which facilitated the deployment of global practices.

Another variable of the internal context that appeared to be important for knowledge transfer is the organizational structure. In the case of Alumine, its organizational structure was quite similar to the traditional hierarchical structure. Despite this centralization, the organizational design of Alumine also resembled to what is described in the literature as a "heterarchy", which is characterized by a combination of both centralization and flexibility, allowing the company to adapt rapidly to contextual changes (Tsai, 2002; Kidger, 2002). As noted by managers of Alumine, an important structural aspect specific to the company was that the internal structuring of the HR function was aligned with the company's operational structure. In other words, HR managers were present at all hierarchical levels in the company, from senior management to plant level, which greatly facilitated the implementation of the strategic orientations adopted by the company globally. This finding with regard to Alumine challenges the widely shared view in the literature concerning the ineffectiveness of centralized structures when it comes to knowledge transfers. The only company in our sample where the transfer of HR practices was perceived to be effective was relatively centralized and exerted coercive pressure on the entire organizational network to ensure compliance with the practices transferred to the subsidiaries (Liu, 2004). Another positive aspect of centralization brought out by our results was linked to the establishment of stable and effective channels of communication. This confirms the conclusions reached by Tsai (2002), who attribute the smooth transmission of information and explicit knowledge to the availability of these communication channels.

To summarize, our analysis of the endogenous organizational factors specific to the three companies validated Proposition 2a concerning the influence of these factors on the effectiveness of HRM-related knowledge transfers. Thus,

among the factors that increase the effectiveness of this process, our study reveals the importance of personal support from senior managers, the credibility and strategic positioning of the HR function within the organization and a centralized organizational structure. Having validated our research proposition, our results bring out a new perspective relating to the role of internal factors in the process of knowledge transfers within MNCs. Beyond a company's internationalization strategy and organizational structure, which are behind the intention and capacity to transfer knowledge within MNCs (Bartlett & Ghoshal, 1998), our study brings out the influence of the combination of internal factors pertaining to the unique context in which each company evolves and, more specifically, the importance of the HR function and its involvement in knowledge transfers.

4.5. Institutional Determinants of the Effectiveness of the Transfers

According to the majority of the respondents, the heterogeneity of the legislative frameworks and the specific characteristics of the industrial relations systems in the countries where the MNCs carried out their activities constituted the first obstacle to the global transfer of HRM programs and practices. To go back to the specific contextual characteristics of each country, our analysis of the respondents' comments shows that, in the case of France, the state exercises extensive regulatory power over the economic sphere. Thus, companies operating in France must comply with a highly complex and rigid legal framework. In the case of Germany, the legislation and industrial relations system were also recognized as factors that hampered the direct transfer of some HRM practices between units. The managers interviewed in Germany maintained that, in relation to HRM, despite the presence of some global HRM practices and the full integration of production processes, the units in the MNCs located in this country operated fairly autonomously given the complex nature of the labor legislation and the very particular industrial relations system. As for Canada, according to our respondents, the Canadian institutional context is probably the most "permissive" from a legal perspective. Although the influence of the state on the industrial development of Canada is considerable, the liberal economic model and its institutions are generally less restrictive in terms of management programs and practices.

While it is clear from legal perspective what practices can or cannot be transferred, managers from European countries also mentioned some normative and cultural issues that impede the transfer even if a practice is legitimate by law. For example, all the Canadian practices in the area of diversity management based on the anti-discriminatory legislation in Canada, did not have the same meaning in Europe. While it is acceptable in North America to actively promote an under-represented group within a company, in Europe, the basic principle is that no preferential treatment should be given to any group of employees. As regards the French MNC, it was observed that the transfer of HRM programs and prac-

tices between the French headquarters and the German subsidiary did not pose any major problems. In fact, given that the institutional context of these two countries was quite similar, there were fewer HRM programs and practices to be transferred. Having dealt with the quite rigid legislation of its country of origin, the Telecom2 managers generally possessed a rather in-depth “institutional knowledge” of Germany. Moreover, the relative standardization of labor legislation across the pan-European space also acted as a facilitating factor in this regard. As for the Canadian context, labor legislation in this country gives considerable latitude to foreign companies wishing to operate in this country. Canada’s neo-liberal economic policy seeks, among other things, to attract investors and foreign companies, giving them “preferential treatment” for a certain period of time. For European companies that are faced with an onerous legal burden in their countries of origin, the Canadian legislative context thus presents no real obstacle to the effectiveness of management practice transfers.

In addition to the regulatory dimension, another factor that, according to the literature, influences the effectiveness of the transfer of HRM practices pertains to the normative and cognitive context, which refers to the cultural values of the countries concerned. The discourse of our respondents indicated that cultural differences (Hofstede, 2001) also constituted an obstacle to the transfer of HRM practices between organizational units, but as mentioned by interviewees, these obstacles were more or less manageable.

Having analyzed the influence of all the exogenous factors on the effectiveness of the HRM program and practice transfers between the units of the MNCs, we can say that the differences between the three countries in which the subsidiaries were located played an important role in terms of the effectiveness of HRM knowledge transfers. Having validated our last research proposition, some qualifications must, however, be made. Since the same exogenous factors determined both the type of knowledge to be transferred and the success of the transfers, our results bring out the fact that, when it came to knowledge transfers, one institutional context seemed to dominate over the other. The academic literature attributes this phenomenon to the dominant country’s economic and political power (Pudelko & Harzing, 2007; Almond et al., 2005). Thus, the HRM programs and practices imposed by the Canadian companies were associated with the North American HRM model, which seems to dominate because of the size and financial power of North American MNCs.

5. Discussion

To answer the main question of this study: *which contextual factors determine the intra-organizational transfer of HRM programs and practices between the units of MNCs*, our results indicate that the internal strategic factors played a predominant role in all three stages of the transfer process. Precisely, the combination of the company’s internationalization and competitive strategy, as well as to what extent the HRM function was involved in strategic decision-making

process, the degree to which senior management was personally involved in the transfers, and the degree to which the organizational structure was centralized determined the type of knowledge transferred, partly determined the choice of transfer mechanisms, and had a positive impact on the effectiveness of the transfers within the MNCs. As for the external contextual factors, their role in the knowledge transfers appeared to be of relatively secondary importance in the first two stages of the international knowledge transfer process. More specifically, these factors contributed to the emergence of some global HRM programs and practices and exerted a negligible influence on the choice of transfer mechanisms. The real impact of these factors, however, could mainly be seen in the overall effectiveness of the transfer process. Regulatory distance, illustrated by the differences existing between the various legal frameworks governing labor relations, constituted a main obstacle to the transfers. Normative distance, referring to the socio-cultural context, also exerted a negative impact, although its influence was not decisive, at least in our three case-studies.

This study represents a direct answer to the concerns expressed in the academic literature regarding the state of research in the field of international knowledge transfers. Several authors (Bjorkman & Lervik, 2007; Smale, 2007; Flood et al., 2003; Szulanski, 1996) have pointed out the lack of empirical research integrating all the factors at play in knowledge transfers between units of an MNC. Indeed, the current literature considers knowledge transfer as a fragmented process and tends to examine its different aspects separately. The framework proposed and empirically tested in our study, was integrative and involved different theoretical perspectives related to the issue, namely, the strategic approach (Bartlett & Ghoshal, 1998; Evans et al., 2011; Sparrow, 2007; Brewster & Suutari, 2005) grounded in the resource-based theory (Barney, 2001) and the knowledge-based theory of the firm (Grant, 1996; Spender, 1996)—and the institutional approach (Scott, 1991; Almond et al., 2005; Ferner et al., 2005; Kostova, 1999). Integrating these different theoretical perspectives enabled us to examine the process of knowledge transfer in its entirety, based on three conceptually distinct but practically interrelated stages.

Our study makes a contribution to the MNC theory. As argued by some authors, intra-organizational knowledge transfers constitute the *raison d'être* of MNCs (Gupta & Govindarajan, 2000). Based on this assumption, our study results suggest that the intention to conduct intra-organizational knowledge transfers and especially their effectiveness depend on an MNC's particular strategic profile. Thus, the typology of MNCs developed by Bartlett and Ghoshal (1998) needs to be qualified. Based on our results, three types of MNCs as defined by Bartlett and Ghoshal appear to be merging into a single hybrid global-transnational type. Nevertheless, it must be specified that this observation can only apply to the HRM policies and programs considered in our study. Another interesting finding was a gap between the desire to globally integrate HRM activities compared to production process, with the latter sometimes remaining entirely de-

centralized by country or product. This raises another problem with the Bartlett and Ghoshal strategic model, according to which all company activities belonging to one of the strategic types are aligned according to the same logic. The organizational reality, at least in the three cases studied, turns out to be much more complex.

Pursuing our reflection on strategy, the issue of intra-organizational knowledge transfer in an international context leads to a more theoretical debate on the voluntarism or determinism of organizational action. The main question here is to what extent the company is free to choose its actions (Graham & Van de Ven, 1983; Child, 1997; Porter, 1991). Our study adds a further argument in favor of the voluntarist stream. Considering the goals that the three companies set for themselves in terms of transferring HRM practices, and given the similarity of their external environmental constraints, our study demonstrates that the success of a given transfer could be attributed mainly to the company's strategic intention and, in particular, to how this strategy was implemented. Our results demonstrate that the degree of global integration of HRM practices depended on the alignment of HRM strategic goals with both the internationalization strategy and the competitive strategy of the company. This alignment process was conditional on the integration of the HR function into the organization's operational structure, and also on the normative integration of its subsidiaries. Theoretically, this unique combination of factors ensuring the success of knowledge transfers is expressed in the resource-based theory of the firm (Barney, 2001), which posits that the availability and especially the unique combination of internal organizational resources provides the organization with a strategic advantage that cannot easily be imitated by competitors. In this sense, our study makes a link between the strategic choice perspective (Child, 1997) and the resource-based perspective (Barney, 2001). In other words, an organization can choose a strategy, but implementing it requires the availability of and especially a linkage between internal resources so that this choice can materialize into a distinctive advantage.

6. Limitations and Suggestions for Future Research

Our study, like all research based on case studies, can be criticized with regard to the generalizability of its results. We are aware that the number of interviews conducted for this study is the most questionable aspect, despite the principle of saturation that can be used to validate the results. Another legitimate criticism can be made with regard to the choice of companies since it remains difficult to say to what extent the companies chosen represented "typical companies" in their countries, such that the external contextual influence exerted on the HRM practices could be brought out. Lastly, we had some difficulties operationalizing our model since concepts such as strategy or organizational structure are difficult to define in precise terms, needed to accurately characterize each of the companies chosen. Data on the strategic positioning of each organization were confidential, which made it relevant for us to adopt the interpretive approach

since this was the only approach that allowed us to operationalize the theoretical frame of our study.

Having clearly identified the variables in our theoretical framework, the next step would involve determining the presence and consistency of the identified variables in a larger and more diversified sample in terms of industry sectors, countries of origin and host countries of the MNCs and, lastly, the number of subsidiaries involved in the process of knowledge transfer. Regarding the conceptual framework proposed in this study, it would also be useful to closely examine how international companies deal with tensions between institutional factors and the imperatives of the competitive context. Since the internationalization strategy and the competitive strategy were identified as the most important internal contextual variables regarding the choice of HRM practices to be deployed globally, it would be worthwhile to examine knowledge transfers within companies that have adopted different competitive strategies. For example, do organizations that rely exclusively on their employees' innovation and creativity manage global HRM programs and practices in the same way as those that pursue cost leadership? What would the most common global practices in these cases be? What would the degree of standardization of HR knowledge in terms of activities, programs, processes or practices be?

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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