Building and reinforcing organizational resilience through international mobility. A multi-level framework.

Franca Cantoni

Università Cattolica del Sacro Cuore

Faculty of Economics and Law

Via Emilia Parmense 84

29122 Piacenza (ITALY)

franca.cantoni@unicatt.it

Luca Giustiniano

Luiss Guido Carli University

Dept. of Business and Management

Viale Pola 12

00198 Rome (ITALY)

l.giusti@luiss.it

International mobility and international careers. A multi-level framework for organizational resilience.

Globalization forces multinational companies (MNCs) to be overexposed to social and economic shifts and jolts ingrained in the environments they deal with. As a consequence they are asked to develop a capacity for resilience (Mallak, 1997, 1998; Vogus and Sutcliffe, 2007) as they need to be able to anticipate, respond, adapt to, and/or rapidly recover from negative events or crisis that may occur.

This paper tries to respond to the general call for a higher level of investigation in the field of careers' studies (e.g. Arthur, 2008; Jones & Dunn, 2007) by proposing an interdisciplinary attempt (e.g. Khapova & Arthur, 2011; Lawrence, 2011) to read the international mobility policies of MNCs as a mean for developing organizational resilience. In fact, the HR system of a MNC (International Human Resource Management – IHRM) is a suitable context (e.g. Mayrhofer, Meyer & Steyer, 2007) for multi-level analysis, since it is designed at the macro-headquarter level (HR philosophy, strategy, guidelines), executed at a meso-subsidiary level (HR local policy and practice), and enacted at a micro-individual level. Within this framework we posit that HR expatriates play a crucial role in translating the general HR policy for resilience at local level by enacting the local responsiveness (Bartlett & Ghoshal, 1992). Considering the multi-level nature of both careers and resilience, and the suitability of the MNCs' HR system for multi-level analysis, this paper tries to fill the gap of a joint theoretical language allowing communication between various discourses and perspectives (De Cieri, Cox, Fenwick, 2007; Gunz & Mayrhofer, 2011). Accordingly, it proposes a new conceptual framework for organizational resilience that passes through the role of IHRM and the design of career paths.

1. MNCs environment and capacity for resilience

Crises and discontinuities characterize extant organizations, forcing them to struggle with various types of risks (*Kaplan & Mikes, 2012*): *preventable risks*; *strategic risks*, and *external risks*. While traditional risk management tools are able to tackle the first two risks, the latter are beyond one's capacity to influence or control, are scarcely predictable (and so are their potential impacts), and little knowledge on how to handle them is available. Given the exogenous nature of external risks and the

complexities tied to cross-cultural management, cultivating capacity for resilience (e.g. *Kendra & Wachtendorf, 2003*) could be a viable way for MNCs.

The working definition of a resilient organization is similar to the one of materials engineering (e.g. Campbell, 2008). A resilient organization is one that has the capacity to change with minor frictions by demonstrating flexibility and plasticity, withstand sudden shocks and recover to a desired equilibrium, while preserving the continuity of its operations. It encompasses both recoverability (the capacity for speedy recovery after a crisis), and adaptability (timely adaptation in response to a changing environment).

According to our point of view, resilience results from the processes and dynamics (like careers) that are able to create or retain resources (cognitive, emotional, relational, structural) in a form that is sufficiently flexible, storable, convertible, and malleable to enable organizations to successfully cope with and learn from the unexpected (*Sutcliffe & Vogus, 2003*). In that, careers can be seen as contextualized configurations to tackle the external uncertainty and equivocality (Mayrhofer, Meyer & Steyner, 2007) potentially ready for the unexpected to occur (*Weick & Sutcliffe, 2001*) and ready to cope with a wide array of anomalies and are constantly striving to grow their capabilities to do so, through learning from events and near events.

Resilient MNCs should better detect and correct emerging and manifest errors in a timely manner, thus minimizing adverse outcomes. Hence, in contrast with the deterministic approach (*Staw, Sandelands, & Dutton, 1981*), we believe that resilience and the process of its generation can be better and more convincingly explained by adopting a developmental perspective.

The assumption that resilience is dynamic in nature fits with the consideration of careers as interactive phenomena, as career paths as patterns '*in condition over time in a bounded space*' (*Gutz & Mayrhofer, 2011: 253*): they both take place at the 'intersection' of external (societal) changes and individual (and organizational) state of development (e.g. *Grandjean, 1981*). The "developmental" characteristic of resilience is therefore crucial, as it emphasizes that organizations evolve over time by continually handling risks, stresses, and strains, and by allocating adequate resources in a proper way.

2. HR Managers as Core Employees

"Core employees" (CEs) are active in the "core activities" of the firm (*Atchison, 1991;*

Lopez-Cabralez et al., 2006). All employees contribute to firm success, but being CEs tightly related to firm core competencies *(Barney & Wright, 1998) 'their career paths become crucial for the sustainability of the companies competitive advantage'* (*Lado, Boyd, & Wright,1992*)*.* In MNCs, the employees' careers paths are often interlaced with international mobility via expatriation (*Sparrow, 2012*). In fact, previous research (*Boyacigiller 1991; Rosenzweig 1994*) has showed that expatriates may improve inter-subsidiary communication and coordination by relocating the entire corporate scheme and the organization's viewpoints. Whether they come from another subsidiary or from the headquarter, expatriates can disseminate corporate culture by means of adaptation and socialization of knowledge, skills, and abilities (KSAs) and organizational capabilities that define the competitive advantage of the firm. In fact they should favour the conveyance of the philosophy, architecture, principles from the HQ (1st level) into policies and programs delivered to the subsidiaries (2nd level) and then broadcasting them into practices and processes to each single employee (3rd level).

Both the action of individuals and the interaction effects matter (*Ashmos & Huber, 1987; Morgeson & Hoffman, 1999).* In fact, the complex social "intersection" *(Grandjean, 1981*) in which international mobility is enacted alters both the development and realization of the MNC's capacity for resilience. Therefore, we direct our attention to the development of resilience-related KSAOs among subsidiaries' employees, being expats "vehicles of transmission" of these dimensions through the three levels of a MNC structure: HQ, subsidiaries, employees.

3. **MNC structure and IHRM system**

We posit that MNCs can develop resilient employees who collectively create resilient organizations by developing an internally-consistent IHRM system directed at nurturing cognitive, behavioural and contextual dimensions of resilience along the three structural levels. According to many researchers *(Schuler, 1992; Becker & Gerhart, 1996; Lepak, Marrone, & Takeuchi, 2004; Mayrhofer, Meyer & Steyer, 2007; Arthur & Boyles, 2007)* a HR system is viewed as consisting of some overarching, broad elements (HR architecture, HR principles, or HR philosophy) , some mid-range elements (HR policies, HR programs) and some lower-range elements (HR practices, HR processes), reflecting the actual HR activities implemented in specific circumstances (Lepak et al., 2004). In MNCs (*Evans et al., 2002*) managing HRs is

more complex than in domestic firms, since they have to face *cross-cultural contexts* Peltonen (2006: 523). The overall IHR system is a multilevel construct made of:

- the HR system;
- Countries' needs;
- types of employees: host-country national (HCN), parent-country national (PCN), third-country national (TCN).

Within such an IHRM system international mobility plays a crucial role for MNCs (*Briscoe & Schuler, 2004*). In fact, career paths should be designed in order to align the IHR system with the organizational strategy in order to achieve sustainable competitive advantages (*Schuler et al.,1993*). The role that expatriates can play during their career are: "*effective influencer*" (*Novicevic & Harvey, 2001: 1260*), "*network leader*" and "*process champion*" (*Evans, et al., 2002: 471-2*), "*constructive fighter*" (ibid: 487), "*guardian of culture*" (*Sparrow, et al., 2003: 27*) and "*knowledge management champion*" (ibid: 24). The combination of such roles into consistent socio-chronological career paths can contribute to the organizational resilience if their design is conditionary, boundative and temporal, to say it with Gutz and Mayrhofer (2011)

4. The conceptual framework

The capacity for resilience is developed by the strategic management of HRs (*Lengnick-Hall et al., 2011*). The HR system can play a fundamental role in developing organizational resilience meant as to the capacity to anticipate, respond, adapt to, and/or rapidly recover from a disruptive event (*Mallak, 1998; Vogus & Sutcliffe, 2007*). In fact, both resilience, structural and operational aspects of HR (*Arthur & Boyles, 2007; Becker & Gerhart, 1996; Lepak, Marrone & Takeuchi, 2004; Schuler, 1992*) and careers (*Klein & Kozlowski, 2000; Hackman, 2003; Sveningsson & Alvesson, 2003; van Veldhoven & Dorenbosch, 2008;* (Andresen & Biemann, 2013; Andresen et al., 2014)*)* can be analysed by multilevel constructs, also via global talent management (*Garavan, 2012; Sheehan, 2012*).

Consistently with the call for interdisciplinarity in studying careers (e.g. Khapova & Arthur, 2011; Lawrence, 2011), the mechanical origin of resilience sees (Campbell, 2008)(Figure 1 and Equation) [1]:

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[1] Note to the EGOS convenors: A more complete explanation of the model can be reported only in the full version of the paper.

- *Resilience* as the ability of a material to absorb energy when it is deformed elastically, and release that energy upon unloading.

- The *proof of resilience* as the maximum energy that can be absorbed within the elastic limit, without creating a permanent distortion.

- The *modulus of resilience* as the maximum energy that can be absorbed per unit volume without creating a permanent distortion.

Insert Figure 1 around here -

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where U_r is the modulus of resilience, σ_y is the yield strength, and E is the Young's modulus.

Within this framework we posit that:

- Resilience happens when the international mobility and careers paths activate local responsiveness;

- The proof of resilience is related to the cognitive base of the organization, and to the lack of or availability of resources it can mobilize;

- The modulus of resilience is related to organizational learning, activated through the 'functional integration' in critical areas, like R&D, marketing and manufacturing functions.

The proposed model is consistent with the operational models for multi-level analysis proposed by Sniders (2011)[2].

5. Discussion

Being the capacity for resilience a strategic organizational attribute, we believe in the crucial role assumed by expats who may be trusted to implement corporate philosophy/architecture/ principles and consequently become a *de facto* transmission vehicle toward subsidiaries. The novelty of our paper poses on the proposal of conceptual model that considers both resilience and international mobility (careers) as multi-level phenomena. Hence international mobility and a consistent design of career paths stimulates the activation of the cross-level mechanisms that start from

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[2] Same as Note 1.

the HR philosophy and end (hopefully) with their absorption by individuals at a local level, leveraging on their cognitive, behavioural, contextual behavioural patterns.

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Figure 1.

$$U_r = \frac{\sigma_y^2}{2E}$$