HRM implementation in multinational companies: the dynamics of multifaceted scenarios

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Abstract: This study explores why the subsidiary line managers of multinational companies (MNCs) implement HRM practices differently than intended by headquarters. HRM implementation is understood as a process in which one has to differentiate between a range of multifaceted HRM implementation scenarios. We build on a single case study in a Dutch subsidiary of a US engineering company that we characterised as an extreme case. The analysis comprises in-depth interviews with HRM and line managers and a study of policy documents using multiple iteration cycles with the software ATLAS.ti. Line managers engage in a range of behaviours: they ignore, deviate, imitate, internalise, initiate and/or integrate the delegated practices because they fail to see the value of the content of the practice and the process of execution. The HRM implementation scenarios found, although distinctive, often overlap, evolve or coexist in a dynamic HRM implementation process. We predict a support role for HRM managers in which they facilitate line managers in deviating from intended practices, and initiating new ones, in order to increase the likelihood of successful internalisation and integration.

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1   Introduction

Multinational companies (MNCs) often strive to transfer HRM practices from headquarters (HQ) to subsidiaries to increase HRM effectiveness. However, the reality is that organisations often struggle to succeed in such transfers (Dalton and Druker, 2012; Dickmann, 2003), and HRM practices designed at the HQ level are not necessarily implemented as intended (Khilji and Wang, 2006). As such, it is widely recognised that a crucial step in the transfer of HRM practices is their actual implementation at MNC subsidiaries.

Contributions to the implementation of HRM come from various organisational actors, among whom line managers are viewed as having a prominent role (Bos-Nehles et al., 2013; Purcell and Hutchinson, 2007). In an MNC context, subsidiary line managers play a crucial role in the exercise of transferring HRM practices as they influence the way the HQ-intended HRM practices are put into practice in their subsidiary, and thus they impact on the effectiveness of HRM implementation in the MNC as a whole. The gap between intended and actual, or implemented, HRM practices (Khilji and Wang, 2006; Makhecha et al., 2016) is especially prevalent in MNCs as these organisations are exposed to a range of cultural and institutional settings. Additionally, the voices of various players in HRM, such as a subsidiary's management, local institutions and governments, and taxation, controlling, regulatory and employment laws, further add complexity to the situation in which HRM practices are implemented. International Human Resource Management (IHRM) scholars often assume that, once HQ and subsidiary management have decided to transfer HRM practices, 'the transfer itself will be unproblematic' (Klimkeit and Reihlen, 2016, p.851). However, this overlooks the fact that line managers influence the implementation of HRM practices on a day-to-day basis. How they use practices depends on their perceptions of the organisation's context (Khilji

and Wang, 2006; Watson et al., 2007). The perceived value of proposed practices will impact on how line managers implement them and ultimately determine their effect on proximal outcomes (Kostova and Roth, 2002). Line managers make sense of problems they face within their daily operations and then initiate change processes to tackle these obstacles (Conway and Monks, 2011). This is necessary because 'the rigid application of formal procedure does not provide the flexibility required to balance disciplinary considerations against the operational requirements of the immediate work context' (Jones and Saundry, 2012, p.254). If one knows what managers are aiming for when deviating, it may be possible to respond to their needs with targeted and practice-informed HRM process designs. We concur with Björkman et al. (2011) that the implementation of HRM practices affects how HRM is regarded within the organisation, and that the success of an implementation will reflect employees' views of its legitimacy, consistency and consensuality (Bowen and Ostroff, 2004).

In searching for an understanding of HRM implementation, we refer to those IHRM scholars who view it as the adoption of formal rules (Björkman et al., 2011) and the implied actions to put HRM practices into use (Kostova and Roth, 2002). This adoption of practices (Kostova and Roth, 2002) usually distinguishes implementation from internalisation, the state in which receivers of the HRM practice regard it as valuable and attach a symbolic meaning to it. While Kostova and Roth (2002) perceive implementation and internalisation as separate dimensions, Björkman and Lervik (2007) consider HRM transfer to be a continuum in which practices need to be implemented before they can be internalised. However, scholars nowadays increasingly recognise that this dichotomy is over-simplistic and cannot explain the various scenarios that are encountered in HRM implementation (Björkman and Lervik, 2007; Björkman and Welch, 2015; Kostova and Roth, 2002).

Recent studies have started to explore the different scenarios and attempt to identify the boundaries and distinctions of these scenarios. However, such a separation, although helpful in statistical observations, does not reflect the complicated reality of HRM implementation, where scenarios may go hand-in-hand, reinforce each other, overlap, freeze, coexist and evolve. In other words, there is a need to build on current studies towards an understanding of multifaceted and complex implementation scenarios. It may well be too simplistic to consider only two implementation scenarios as HRM practice implementation can manifest itself in different, overlapping and evolving scenarios, each of which 'takes place over time, is a complex process involving multiple actors, and is influenced by events that happen unexpectedly' (Benbasat et al., 1987, p.378). For this reason, in this paper, we understand HRM implementation as a process in which intended HRM practices are incorporated into daily organisational life.

The process perspective adopted by Bowen and Ostroff (2004) has taught us that line managers shape the HRM system based on their idiosyncratic understanding of reality. If subsidiary line managers have not internalised the HRM practices as intended by HQ, they are likely to communicate different HRM messages because 'unless subsidiary managers really believe in a certain organizational practice, they are unlikely to put much effort into its use' (Ahlvik and Björkman, 2015, p.497) and thus might send signals about what behaviours they personally expect of employees rather than what the organisation desires. The HRM practices detailed by corporate HRM departments may exist only on paper in subsidiaries (Sikora and Ferris, 2014) because these practices are ignored or simply paid lip service without aligning them to the subsidiary's operating culture.

By focusing on the implementation of HRM practices, this research seeks to uncover the multifaceted implementation scenarios in order to understand the entire HRM implementation process.

We contribute to the analysis of HRM practice implementation in MNCs in three ways. First, the current literature examines the top-down implementation of practices, and ignores the subsidiaries' line managers' proactive positions, as initiators and developers of HRM practices by seeing them as static executors. Here, we add to knowledge by investigating the reasons why managers pursue their own HRM practice design rather than relying on practices proposed by corporate HQ. Second, the IHRM literature distinguishes between different forms of HRM practice transfer, from what they refer to as implementation (no more than compliance by adopting formal rules) to internalisation (attaching symbolic meaning and value to HRM practices) (Björkman et al., 2011), but without considering implementation as a process in which different scenarios may coexist or evolve over time. Here, by investigating various implementation scenarios, we will broaden understanding of HRM implementation in subsidiaries. Third, research on the transfer of HRM practices is mainly quantitative, testing the effect of ever more variables that may influence the transfer (e.g. Ahlvik and Björkman, 2015; Ahlvik et al., 2016; Björkman et al., 2011; Kostova and Roth, 2002). We broaden this by exploring HRM implementation at the MNC subsidiary level based on a single qualitative case study in a Dutch electronics company, and thereby uncover a range of implementation scenarios that can explain success or failure in HRM implementation at the subsidiary level.

Below, we first elaborate on various scenarios for HRM practice implementation in MNCs and illustrate how subsidiary managers shape HRM implementation. Following this, the methods used to investigate the issue at hand are outlined, followed by the findings and analysis. Finally, we present the dynamics of the HRM implementation process in which provides line managers have an active and involved role and outline roles for HRM professionals that can support effective implementation.

2   HRM implementation in the context of MNCs

HRM practices at a subsidiary come into existence not only when they are transferred from the HQ to the subsidiary, and different HRM configurations are possible. For example, different HQ–subsidiary relationships can be distinguished in terms of dependency and the HRM practice design method (Farndale et al., 2010). In subsidiaries that are dependent on their HQ, the HRM practices are usually determined by the HQ. In subsidiaries that operate independently from the HQ, the corporate HRM department will only react to HRM issues as they arise. In the latter case, subsidiary managers can initiate HRM practices and will strive to shape HRM rather than being mere executors of HRM policy (Renwick, 2003).

International HRM scholars suggest a dichotomy to characterise two important processes: global integration (standardisation) and local responsiveness (localisation) (Pudelko and Harzing, 2007). In terms of the former, in order to more closely integrate global operations, MNCs aim to standardise their HRM practices by transferring them from the parent to foreign subsidiaries. With this goal, HRM practices in subsidiaries are more likely to resemble those in the HQ's country than those of indigenous firms in the host country. In contrast, MNCs that adopt a localisation strategy are less likely to

transfer HRM practices from the parent to foreign subsidiaries because such business units are expected to emphasise local responsiveness and host country requirements. That is, HRM practices are more likely to be local in design and implementation.

2.1 Scenarios of HRM implementation

The implementation of HRM practices manifests itself in various scenarios. The translation of intended HRM practices to actual HRM practices is more than the application of rules; it also incorporates a psychological dimension of value and meaning (Kostova, 1999). We start from Björkman and Lervik (2007), who understand HRM transfer as a process, and distinguish the implementation, internalisation and integration stages of HRM transfer. We concur with them that it is necessary to distinguish between more dimensions than the previously suggested implementation versus internalisation (Kostova and Roth, 2002) when investigating the process of implementing HRM practices. Further, we recognise that HRM practices might be ignored by line managers (e.g. Guest and Bos-Nehles, 2013), that is they will not be implemented at all at the subsidiary level, or they may merely imitate the practice, a scenario that Kostova and Roth (2002, p.220) called 'ceremonial adoption'. Based on the knowledge that line managers implement HRM practices according to their perceptions of HRM (Bowen and Ostroff, 2004), and that implementation might not equal intention (Khilji and Wang, 2006; Makhecha et al., 2016), we aim to uncover the reasons that subsidiary line managers have when ignoring, imitating, internalising or integrating HRM practices. Below, we explain the different scenarios and illustrate their impact on proximal outcomes.

2.1.1 Ignoring

In this scenario, subsidiary managers disregard an HRM practice and thus do not implement it at all: although a practice is transferred from the HQ, or pushed towards the subsidiary line manager by subsidiary HRM managers, the practice is not implemented. Kostova and Roth (2002) talk about a minimal adoption where HRM practices are disowned and subsidiaries resist their implementation, probably because they do not agree with or value the practice. For example, a corporate or subsidiary HRM department may design appraisal guidelines, but subsidiary line managers fail to appraise subordinates. Regardless of whether managers ignore it purposefully or unintentionally, the proposed practice will not have the intended effect on employees and thus on proximal outcomes (Kostova, 1999; Martin and Beaumont, 2001). This is one facet of the problem; another issue is that managers may report that they are executing a practice while in reality they do not. In such a situation, the corporate HRM department may draw incorrect conclusions from employee surveys or from benchmarking proximal and distant outcomes.

2.1.2 Imitation

This occurs when subsidiary managers simply pay lip service to formal rules without adopting the underlying values and beliefs. It is a feigned acceptance in which line managers ceremonially adopt an HRM practice (Kostova and Roth, 2002), without perceiving it as valuable. This scenario is likely to have less favourable outcomes than

when HRM practices are internalised or integrated. In this context, pale imitation amounts to the practices being executed for the sake of executing them rather than to achieve the intended purpose. Internalisation and integration are unlikely to follow if subsidiary managers feel that an HRM practice is forced upon them and react with resistance or scepticism (Kostova and Roth, 2002). Reasons for this might be a lack of understanding of the practice or a sense that it is inefficient.

2.1.3   Internalisation

In the internalisation scenario, in contrast to the feigned acceptance above, managers do adopt the underlying values and beliefs attached to an HRM practice. That is, internalisation is defined as a state in which subsidiary managers attach meaning and value to a practice such that it becomes part of the organisational identity at the subsidiary (Kostova, 1999; Kostova and Roth, 2002). As such, subsidiary line managers take the HRM practice for granted and accept it (Björkman and Lervik, 2007). However, their perceptions about the value of the practice will depend on the interpretive social processes through which they decide on its efficiency. Internalised practices can be flexibly applied without jeopardising their originally intended purpose. If managers have internalised a practice's meaning and value, they are able to adapt it to a specific situation rather than merely follow protocol. By doing so, practices are applied flexibly to achieve proximal goals such as high employee retention or employee satisfaction.

2.1.4   Integration

Björkman and Lervik (2007) added another implementation scenario, one that attaches a strategic notion to the implementation of practices: they label this as integration – a situation where practices are connected and aligned with existing HRM practices (an internal or horizontal fit) and with the competitive strategy (external or vertical fit). Here, it is not enough for the practices to be implemented; they have to be aligned with the corporate strategy and other practices. A benefit of a vertical fit is that managers are likely to perceive the HRM initiatives as useful because they are aligned with the competitive strategy (Rupidara and McGraw, 2011). The support for HRM practices is, perhaps not surprisingly, higher across the hierarchy when they are in line with organisational goals (Marchington et al., 2011). As such, HRM practices that increase the vertical fit not only ensure that practices contribute to organisational goals, they also facilitate their effect because they are better supported throughout the organisation.

The HRM literature favours the bundling of HRM practices as a way of exploring and validating their integrated and coherent effect (Kepes and Delery, 2007; MacDuffie, 1995). For example, synergistic effects can be achieved by aligning compensation schemes with the goals set in appraisals (horizontal fit). The combined effect of both practices (appraisal and compensation) is then likely to have a greater impact than both practices actioned in isolation (Boxall and Macky, 2009; MacDuffie, 1995). However, it has been observed that 'a problem in achieving integration is that so much depends on the line managers responsible for delivering HRM in practice' (Marchington et al., 2011, p.331). What becomes clear is that implementing managers play a key role in aligning HRM practices with other practices as well as the corporate strategy.

2.2 *Transferred HRM practices*

Line managers are often seen as responsible for the implementation of HRM practices (Guest and Bos-Nehles, 2013). They are traditionally perceived as passive executors rather than as responsible HRM actors (Rimi and Yusoff, 2014). This conventional perspective ignores the proactive behaviours of line managers, that go beyond mere execution, in the process of shaping HRM practices (Currie and Procter, 2001; Renwick, 2003).

To fully understand why certain practices are implemented successfully while others fall short it is necessary to also consider a line manager's reasons for ignoring, imitating, internalising or integrating designed HRM practices. Why would they ignore a practice that was designed at the HQ, and specifically tailored to the MNC's needs? Makhecha et al. (2016) differentiate various enablers and disablers in the implementation of HRM practices at the unit level, and show that HRM managers and line managers adapt HRM practices due to structural and interpretive enablers, and deliver them because of external and internal disablers. As such, line managers may adapt HRM practices to suit their own subsidiary's needs, objectives and structures (Makhecha et al., 2016) because while corporate HRM might aim to standardise HRM practices for ease of implementation and control, line managers might prefer subsidiary-specific HRM practices that they believe will be more effective (Makhecha et al., 2016). The relevance of a practice may also change over time, and no longer fit with other practices and the company's strategy.

One should note that HRM practices in MNCs are not always transferred in a top-down way from the HQ, and may also originate in a subsidiary. As with transferred practices, the implementation of practices designed at the subsidiary level can also manifest itself in different scenarios. It is likely that subsidiary-instigated practices will more often be integrated and internalised than those transferred as they are designed specifically for the context of the subsidiary (Almond, 2011). Exploring the reasons that managers have for integrating or internalising subsidiary HRM practices may help improve the implementation of transferred practices.

3 Methodology

3.1 *Explorative research*

Since implementation takes place over time, is a complex process involving multiple actors and is influenced by events that happen unexpectedly, a case study methodology is well suited to identify key events and actors and to link them in a causal chain (Benbasat et al., 1987, p.378). To answer our research question, we adopted an explorative research approach, focusing in-depth on a single case as proposed by Benbasat et al. (1987). A single case enables one to develop the so-called 'thick concepts' (Coppedge, 1999) that provide considerable detail and offered us in-depth stories that enable us to describe HRM implementation by line managers (Dyer and Wilkins, 1991). This methodology has enabled us to unpack the dynamics of implementation over time by examining the interplay of the different scenarios described earlier. Line managers with different responsibilities, positions and attitudes were interviewed to reveal relevant information.

We strove to reveal perceptions of subsidiary line managers that are not recognised in the literature and that support or inhibit HRM implementation. The research focus was thus on line managers and how they implement and perceive HRM practices. Therefore, the focus in the interviews was on line managers, although we also interviewed subsidiary HRM managers to incorporate the subsidiary perspective and interpreted corporate documents to incorporate the HQ's perspective on HRM implementation.

3.2   The case

The argumentation presented in this paper is based on data collected from an electronics MNC, here called Electro Inc., with its headquarters in the USA and several subsidiaries including one in the Netherlands. This organisation was selected since, with subsidiaries around the globe, HRM implementation would be a complex process involving multiple actors. Further, the Dutch subsidiary was sufficiently large to have its own HR department, but not so large that it would be impossible to comprehensively study the HRM implementation process at the subsidiary level.

Electro Inc. designs and manufactures electronics-related products for Original Equipment Manufacturers (OEM). The MNC employs 12,000 employees distributed over 19 global locations. The Dutch subsidiary is split into two branches: a design department and a manufacturing department. The departments are spatially divided and each has its own management and financial reporting. To cover the entire subsidiary, line and HR managers from both departments were interviewed.

In terms of its HRM structure, Electro Inc. is a centralised and headquarters-dominated organisation (Kostova and Roth, 2002), with subsidiary HRM departments having to ask for approval from corporate HRM for all issues that involve expenditure. However, while corporate management exerts tight financial control over the Dutch division, it does not dictate HR practices to the subsidiary's management. That is, HR practices are not actively transferred from the corporate organisation to subsidiaries.

3.3   Data collection

Data were collected through semi-structured interviews with two HRM managers and six line managers from various levels within the subsidiary. Documents from the organisation and observations at the Dutch Electro Inc. site complemented the interview data. We started by studying corporate social reports, with a focus on the HRM strategy, and sought out nuances in HRM policies at the subsidiary level. This allowed us to anticipate certain prescribed HRM practices at both corporate and subsidiary levels.

Both the HRM managers from the Dutch subsidiary were interviewed to cover the two departments. The positions and responsibilities of the interviewed line managers varied widely, ranging from first line managers to the vice president of product development, and they were responsible for supervising manufacturing, engineering or supervisory teams, and frequently executed HRM practices.

To maintain anonymity, codes are used when referring to interviewees. All the onsite one-on-one interviews with line managers were conducted within a timespan of one month. Each interview lasted between 45 and 75 minutes, resulting in a total of 6 hours

and 45 minutes of interviews. A guideline with questions was developed in advance and adjusted after each interview to cover emerging topics. Questions were based on insights from the literature and the responsibilities and function of the interviewee. Further, the questions were open to encourage interviewees to express their opinions freely.

Information was sought from the interviewees on: implementation of transferred HRM practices, implementation of HRM practices designed at subsidiary level, role of line managers in HRM implementation, outcome of HRM implementation, motivation to ignore, imitate, internalise or integrate HRM practices, and motivation to initiate the design of subsidiary-specific practices. Topics that emerged during the interviews were deviations from proposed practices, reasoning for deviation, and organisational culture as a tool for alignment.

3.4 Data analysis

Interviews were transcribed using *easytranscript* software and data were coded and analysed using *ATLAS.ti* software. Data were analysed qualitatively following an iterative process of data examination, coding and then comparison of findings with existing models and frameworks. This qualitative analysis was an ongoing and dynamic process, with multiple iterative cycles of reading interviews, interpreting them and detecting patterns to derive the findings presented below. In total 70 codes were found, divided among six code-families. The codes were developed based on findings from the literature as well as the interpretation of interviews. By connecting new insights from the case study with knowledge gained from the literature, we were able to develop a better understanding of HRM implementation in MNCs and the role of line managers.

4 Findings

4.1 Why do managers ignore HRM practices?

The main reason that HRM practices were not executed by managers was that they were perceived by the line managers as lacking value – as inappropriate for the subsidiary:

> "*… you see a procedure, you perceive it as non-value adding, you do not do it*
> *[…] because you do not see the use of it.*" (LM3)

However, ignoring a policy came at a cost. Eventually, subsidiary managers were forced to comply, the image of the subsidiary at HQ suffered and the relationship between corporate management and the subsidiary's management worsened. Interviewees commented that time was spent on non-valuable discussions to avoid executing a seemingly non-valuable HRM practice. After endless discussions and resistance, subsidiary managers decided to 'just do it' and to comply to HQ rules. When so forced by corporate management, line managers executed the processes, but only in a token manner.

Another reason for ignoring a practice was the suitability of the process involved. Line managers would evaluate a practice's process based on the requirements of their day-to-day operations: even if the idea behind a practice was perceived as valuable, they

were likely to ignore it if the process was not suitable for their division. They encountered such problems when processes were not well designed:

> "*You see the [corporate] influence in the resource request system. This is a pain in the ass to work with. I understand [the reasons for] it but, from day-to-day working experience, if I need somebody tomorrow the resource request system takes too long; the lead time is too long. So there I see problems. In the past, five or six years ago, I could occasionally get a person to start within hours or within a day, that is not possible when you follow corporate rules.*" (LM2)

Corporate control made processes less flexible, and the time needed to get approval from corporate HQ inhibited project progress – a reason managers gave for ignoring HRM practices sent down from HQ. As such, not only the content of HRM practices but also the process of executing them influenced line managers' attitudes towards implementing HRM practices.

In addition to the process design, also differences in national laws led to disregarding policies. Again, this led to conflicts between corporate HRM and subsidiary line management but, when HQ and subsidiary national laws were different, the HRM had to comply with the foreign law and this resulted in a failure to transfer.

> "*Sometimes, as Dutch law is very clear, we just ignore the American people. CAO salary increases are all laid down by law and the Americans say 'we do not do that' and we say 'well we just do it, it is in the Dutch law and we are operating under the Dutch law'. So basically we just ignore them and in the end they agree with us.*" (LM2)

To sum up, HRM practices were ignored by line managers when they were perceived as lacking value, when the processes were perceived as unsuitable (too lengthy or unclear) or when differences in national laws made it impossible to enact policy at the subsidiary level. Alongside these facets leading to disregard, the first two of them could also result in deviations from the intended practice. The interviews showed that, in several situations, managers did not ignore an HRM practice but rather developed and executed their own implementation. The following section elaborates on this scenario and on the motivation for managers to do it.

4.2   Why do managers deviate from intended HRM practices?

We found that subsidiary line managers appreciated HRM, and did see executing HRM practices as a major part of their responsibilities. Although they could recognise the intended value of a practice, they might not perceive its content, or associated process, leading to the desired outcome. This resulted in them deviating from the intended practice: line managers would modify the HRM practice by adjusting its content. This deviation could be seen as a combination of internalisation and disregard: managers did see value and meaning in a practice, but considered it as inappropriate for attaining desired goals and outcomes and therefore adjusted it. Line managers would also deviate from the proposed practices to grasp opportunities that emerged, rather than seeking approval as the opportunity might then be gone.

> "*We have some tricks there, but it is not the way it should go.*" (LM4)

If line managers experienced their flexibility and their ability to seize opportunities as being hampered, perhaps by excessive corporate control, they developed workarounds. They still pursued the intended goal, for example '*to get the right people in the right place*' (HRM1), but chose not to follow the intended procedures. We saw that line managers used different recruitment agencies than those proposed and would skip steps in the hiring procedure where possible and needed. The main reasons for doing so were to seize opportunities and to ensure that high-quality personnel were hired. The intended purpose of an HRM practice was given a higher value than compliance with prescribed procedures.

> "*If the three preferred suppliers [recruitment agencies] are not able to deliver a good candidate, I have some contacts myself, which I use to get the right people on board. […] because following the procedure will not lead to the results I need. By doing it in a different way, I hope to get the best people. We have to be a little creative.*" (LM6)

Another area where deviation was seen was in performance management, especially in how line managers conducted performance appraisals with their subordinates. As with recruitment, the appraisal process was occasionally changed by line managers, maybe by adjusting the format, to achieve the desired goal of employee development and motivation.

> "*I added an additional appendix, and I told people that it is not part of the appraisal but you will get it from me. And I said: 'if I were in your shoes I would work on these areas because, if you do this, I will see it in the results of the projects you are working on, and then you will likely get a higher grade in the appraisal'.*" (LM4)

Managers supported the ultimate goal of helping employees to grow, even if that meant they had to deviate from intended HRM procedures and this created more work for themselves. They adjusted the appraisal form when they perceived it as inappropriate for their employee group.

> "*We talk about quality of work, but what is quality of work? Yes, if I just fill out my form, I can have a lot of definitions of what is quality of work and what is quantity of work. […] They [HRM] just come with one form for the whole company, and I always adjust it myself.*" (LM5)

Line managers at Electro Inc. strove to go beyond simply adhering to formal rules and token adoption; they wanted to utilise the appraisal system to evaluate and develop their employees. Put differently, they saw the deeper intention of an HRM practice and not only the procedures they were supposed to execute – this awareness of the desired HRM outcome enabled them to modify the appraisal form without jeopardising its purpose.

4.3 Why do managers imitate HRM practices?

Especially when line managers were not involved in designing a practice and were just presented with a set of rules, their response would often be to go through the motions without perceiving much value in a practice:

> "*If it is a statement from our general manager or somebody in America 'rules are rules and you have to do it like this' – I will do it, but not enthusiastically, and when they are not looking I will not do it.*" (LM2)

The lack of flexibility in executing HRM practices was often the reason for managers to make a token gesture in adopting a practice and complying with the rules. Especially when the HRM-related procedures or rules came from the corporate level, the line managers did not see room for compromise:

> "[…] *you have corporate, and corporate has procedures. It is an American system […] use the system to your advantage, you cannot fight ….*" (LM3)

The response of this manager to the strict rules was to execute the practices with minimum effort to avoid spending excessive time on seemingly valueless tasks:

> "*Execute it swiftly, but take care that all your stakeholders are happy. Quick, quick, quick, quick. Even if you cannot see the use of it, just get it off your desk and do not waste energy on it. Automate it, delegate it, get the job done, so that no criticism comes from corporate that you did not follow the procedure.*" (LM3)

Line managers would not make token efforts with complete practices but rather when it came to details where no compromise was possible. As such, they just followed the rules to reduce conflicts and avoid wasting time. The main reasons for line managers to make token adoptions of HRM practices were differences in national cultures and a perceived lack of flexibility in executing a practice. They also sensed a lack of willingness to compromise by HQ management, and this facilitated the 'just do it – get rid of it' attitude and hampered line managers in seeing value in some HRM processes.

4.4   Why do managers internalise HRM practices?

It was apparent that subsidiary line managers could value HRM practices highly, in that they internalised the value and meaning of many practices. For them, the main reason to internalise an HRM practice was linked to the importance of employees for the company's success. Managers perceived training and development as helping employees to develop because '*if the engineers work on their own development – and added value – then it is in the end good for the company*' (LM1). They perceived training courses as a motivation for employees that brought new knowledge to the company, which they regarded as a critical success factor.

When internalising the *meaning* of an HRM practice, managers might tailor the HRM content to a specific situation without relying on formal rules and without compromising the meaning of the practice. In so doing, they hoped to reduce costs and be more efficient while still achieving the result intended by more formal procedures. The focus on improving employees' abilities and knowledge was also observable in performance management.

> "*I try to stimulate them […] so I have a lot of discussions with them and I try to encourage them to think about those items and also stimulate them to set improvement targets for themselves such as developing soft skills […].*" (LM4)

In addition, formal appraisals were seen as a helpful tool in engaging employees. Line managers had internalised the value of appraisals, and said about the appraisal format:

> "*It is just a method – it is not the goal: the goal is to reward people, to give them the feeling they are rewarded and appreciated, and to give them some pointers for improvement.*" (LM6)

A prerequisite for line managers to internalise an HRM practice was that it was perceived as transparent and fair. If line managers felt that a practice was fair to some employees but not to others, they would not perceive it as 'our practice'.

The main reasons for managers to internalise HRM practices were the perception that employees' ability and knowledge were critical success factors, and to prepare employees and the organisation for changes in the external environment. Line managers internalised and utilised HRM practices to foster employee development, motivation and satisfaction, and ultimately to improve the company's long-term performance.

"For me, it is why I am a manager, I am responsible for 150 people and they are the ones making the difference – I am not. How can I help them make the difference? That is all in the HR part, to reward people, to motivate them, to stimulate them, to get the best out of them, and to get them in the right positions, that is how I get my results." (LM6)

4.5 Why do managers initiate HRM practices?

Not only are line managers willing to deviate from existing practices by changing or adopting them for their own benefit, they will also initiate new HRM practices when they miss tools to develop their team. When line managers perceived internalised HRM practices to be insufficient, initiation was a way to improve existing practices and extract value for the subsidiary and their goals. Where they missed HRM initiatives, they might initiate completely new HRM procedures. We experienced the line managers at Electro Inc. as very serious HRM implementers who would design HRM initiatives when necessary to manage and develop their employees. For example, one line manager internalised the meaning of training at Electro Inc. – that employees were responsible for their own development – but saw that they needed and deserved support. To facilitate this objective, the line manager established a new process.

> "[…] *The personal development plans – I introduced them, not human resource management. I said to HR 'I am going to do this' and I worked out a plan and presented it to HR and they said 'well that looks nice, let's do that'. So I introduced it in my team and now every team is doing it.*" (LM4)

This line manager initiated training because he wanted to offer more to his employees than HRM were.

> "[…] *once in a quarter, I have a mechanism, what we call training. It can be someone coming in from outside, mostly we then do training in either negotiations or sales, or pure advanced communication […] This is what I have instigated, because I believe in a, let's say, learning organisation, so that we can grow ourselves.*" (LM4)

4.6 Why do managers integrate HRM practices?

To integrate HRM practices with the organisation's competitive strategy, managers needed to align the competitive strategy and the HRM practices. The overarching policy

'We 3.0' helped in achieving this goal by characterising the desired organisational culture and providing a vision for the subsidiary. This vision was initiated by the subsidiary's top management and discussed with and supported by HRM and line management. In essence, the 'We 3.0' vision was that the subsidiary should strive to empower employees to take care of their own knowledge and skills (employability) and thereby enable the subsidiary to nimbly respond to changes in and requests from the market. As such, line management and HRM felt they should foster employee development and communicate the mindset required to support employees in developing and challenging themselves.

> "*The strong relationship between all these activities is the 'We 3.0' things that we discussed a lot and about the culture we want to have. […] I think, given this situation, there is a relation between the kind of people we are looking for, and how we do the appraisals and how we stimulate them to do this and that with the personal development plan, how we can support them.*" (LM4)

Vertical integration was apparent because the 'We 3.0' vision facilitated the integration of HRM practices. The reason why managers integrated recruitment with the competitive strategy was that they perceived knowledge to be a critical success factor and they thought that recruitment could improve the company's knowledge base. When capabilities were stretched, line managers referred to the organisation's strategy as a point of reference for new hiring. Although managers were aware of how HRM practices contributed to the critical success factors, they did not consciously connect HRM practices with strategy. When asked why HRM practices were not directly linked with the competitive strategy, a line manager responded:

> "*It starts here with our general manager who is not doing that, I am not doing it, my team is not doing it. If we had that kind of structure and way of working, I think it would help you to reach your goals. You define your goals to achieve something, you do not do it for nothing, so that is an improvement point.*" (LM6)

Subsidiary line managers also integrated HRM practices horizontally, such as by frequently connecting performance management with training and development. They did so by identifying knowledge gaps in appraisal talks and offering training to fill this gap to employees. Their reason for combining both practices was to improve employees' capabilities. Appraisals were also combined with compensation schemes because line managers felt this would ensure fair treatment of employees and increase employee motivation as well as satisfaction.

> "*With the salary scale, people can get a salary increase by a good appraisal. There is a 1:1 relationship between the appraisal and the salary increase.*" (LM2)

Line managers perceived that combing salary increases with appraisal scores enabled them to target salary changes where they were deserved and needed. Consequently, managers integrated practices such as employees' knowledge and motivation that they perceived as contributing to critical success factors. Table 1 summarises the reasons managers used to ignore, imitate, deviate from, internalise, initiate or integrate HRM practices.

Table 1 Reasons why managers ignore, imitate, deviate from, internalise, initiate or integrate HRM practices

Ignore	Imitate	Deviate	Internalise	Initiate	Integrate
• Lack of clear processes • Process is too time-consuming • Processes are not flexible • Differences between national laws in HQ and subsidiary countries	• Cultural differences between HQ and subsidiary country • Processes are not flexible	• To increase responsiveness to changes in external environment • Improve company performance • Increase employee motivation, satisfaction and development • Formal practice is not suitable for certain employee groups	• Employees' ability and knowledge are critical to company success • Increase employee motivation, satisfaction and development • Prepare company for changes in external environment • Transparency and fairness of HR practices	• Employees' ability and knowledge are critical to company success • Lack of sufficient HRM initiatives to develop and train employees • Lack of sufficient HRM initiatives to respond to customer needs	• Employees' ability and knowledge are critical to company success • Employees' ability and knowledge are CSFs (and HR can contribute) • Fairness of HR practices

5   Discussion

In understanding the multifaceted implementation scenarios outlined above in the process of HRM implementation, one should distinguish between national and the international contexts. While our focus has been on an MNC in an international context, the results may also be applicable to a national context where companies have various units since the organisational context of units might differ from each other and the expectations of users of HRM practices might also differ (e.g. Makhecha et al., 2016). In this context, line managers might also ignore, imitate, deviate, initiate, internalise or integrate HRM practices depending on the alignment of the HRM practice with other organisational practices or the unit's strategy. Again, in this context, the response of line managers to HRM practices being pushed from corporate HRM through the organisation might not be welcoming, and this might lead to deviations from intended practices. Nevertheless, to understand the value of the multifaceted implementation scenarios in an international context, the discussion should be on the level of MNCs' transfer of HRM practices to foreign subsidiaries.

Our study contributes to the IHRM strategies of both 'local responsiveness' and 'global integration'. Regarding the first aspect, scholars suggest that MNCs are also involved in a reverse HRM transfer (Lam, 2003). That is, to maintain internal consistency through the transfer of HRM practices, MNCs are subjected to pressures and demands related to external legitimacy in the host country (Xu and Shenkar, 2002). MNCs recognise that, in order to stay competitive, they cannot afford to rely solely on their home country practices (push factors) but need to access and leverage valuable and novel practices developed in overseas subsidiaries (pull factors). That is, they attempt to learn the 'best' practices in the host countries of their subsidiaries. For example, Ferner and Varul (2000) presented evidence that British subsidiaries of German MNCs played leading roles in the development of new HRM policies in relation to performance management, management development, and training and development. Hayden and Edwards (2001) similarly found that a Swedish MNC used its British operations to change the nature of the home 'fixed' pay system to a range of 'variable' forms that linked pay to the performance of the individual, the business unit and the firm, thereby significantly widening pay differentials. Although our study did not address such reverse learning, we would argue that the six mechanisms that our study uncovered should be considered by MNCs pursuing reverse HRM transfer.

In the second IHRM strategy, global integration, MNCs strive for centralisation and standardisation by pushing what they believe to be best practices to subsidiaries in a top-down direction. However, we showed that, even under situations of tight control, local subsidiaries might ignore, feign, initiate, internalise, deviate or integrate HRM practices. Corporate headquarters need to take this into consideration if they are to achieve effective HRM implementation. We would argue that the implementation of HRM practices under a 'global integration' strategy might be more successful if corporate headquarters gave the subsidiaries the opportunity to implement different scenarios based on the subsidiary's strategy, culture, other practices and the manager's personal preferences.

5.1 *Theoretical implications and contributions*

This case study has shown that HRM implementation is a complex process with a range of possible scenarios beyond either implementation or non-implementation. We have built on the HRM transfer literature (Björkman and Lervik, 2007; Björkman and Welch, 2015; Kostova and Roth, 2002) to understand the HRM implementation process in a subsidiary of an MNC. We started with four different HRM implementation scenarios: ignoring, imitation, internalisation and integration, and showed that subsidiary line managers can adopt all four response types to HRM practices devolved by HQ. Moreover, we also found two other scenarios that subsidiary line managers might use in the HRM implementation process, namely deviation and initiation. By initiating new HRM practices or deviating from intended implementation, subsidiary line managers engage in a proactive HRM implementation process and take on a much broader HRM role than merely executing centrally developed HRM practices (Currie and Procter, 2001; Purcell and Hutchinson, 2007; Renwick, 2003). Our results show that HRM implementation is not necessarily only a downward flow of HRM practices from corporate HRM to subsidiary HRM managers and subsidiary line managers, but could also be a bottom-up transfer of HRM practices in which subsidiary line managers initiate HRM practices and deviate from the intended course.

Deviation can occur when line managers within a subsidiary see the value and meaning of an HRM practice designed by HQ HRM but consider the proposed practice as inappropriate for attaining the desired goals and outcomes, and therefore adjust the practice to reflect their needs. Here, we see that 'poorly designed or inadequate policies can be "rescued" by good management behaviour' (Purcell and Hutchinson, 2007, p.4) by deviating from the intended practice. We saw that subsidiary line managers deviated from existing practices to improve subsidiary operations and service delivery with the aim of making HRM implementation more effective. The desired subsidiary outcomes might only be achieved because managers adjust a practice to a given situation.

Subsidiary line managers initiated HRM practices when they felt the existing practices lacked instruments to develop and train their employees. This reflected a feeling of responsibility for HRM and a desire to efficiently and effectively manage their subordinates. While these line managers might initiate ideas for HRM processes, it requires the subsidiary's HRM to develop these ideas further into policies. In a centralised MNC, this step is difficult as corporate HRM is seeking global integration rather than diversified HRM policies, and it is a large step to develop local ideas into a best practice to share among MNC subsidiaries. Thus, for a locally initiated HRM practice to succeed within the MNC requires a line manager to be willing to share it with the local HRM managers, and the subsidiary managers to develop the idea further and urge corporate HRM managers to accept the practice and maybe even develop it further into a best practice.

5.2 *Practical implications*

As predicted by Björkman and Lervik (2007), certain characteristics of an HRM system, i.e. its rules and processes, seem to prevent line managers from internalising or integrating HRM practices when processes take too long, are inflexible or are simply not clear enough. Often the result is that line managers ignore the practices. The desire for clear processes emphasises the need to pay attention not only to the content of HRM

practices but also to the process involved by communicating unambiguous messages to line managers about what is expected and will be rewarded (Bowen and Ostroff, 2004). There may be a need to convince line managers that the proposed practice can help them develop people in their team. Here, we see a role for HRM professionals in ensuring that line managers are aware of the processes in place and, at the same time, to remain open to criticisms of the practices and be ready to adjust and improve processes. Some flexibility in procedures might benefit effective implementation.

The IT implementation literature tells us that, to increase the 'perceived ease of use' and the 'perceived usefulness' of a practice, HRM professionals should involve line managers in the design of HRM practices at an early stage (Venkatesh et al., 2003). Bowen and Ostroff (2004) suggest that the effective implementation of HRM practices is already determined at the design stage, a stage where line managers traditionally have little influence. Our findings indeed suggest that involving line managers in the design of HRM practices could avoid them ignoring them when they are introduced. By providing feedback and input, line managers could influence the design of HRM practices and ensure that they are relevant and applicable to daily operations.

Effective HRM implementation in MNCs requires the involvement of subsidiary HRM managers and subsidiary line managers. It is the role of HRM managers to ensure that the benefits of HRM practices are apparent and that processes are clear and efficient. However, as Makhecha et al. (2016) highlighted, they also adapt HRM practices based on their own perceptions. Further, if subsidiary HRM managers fail to sell the value of HRM procedures to line managers, the line managers will imitate or deviate from the intended practice.

Line managers will internalise or integrate HRM practices when they believe that they will contribute to their aim of increasing employees' skills and motivation, aspects they believe crucial for the company's success. When line managers perceive an HRM practice as supporting the competitive strategy, and boosting employees' and the company's performance, they are likely to internalise and integrate it. This suggests a role for HRM professionals, they may need to emphasise these benefits when communicating HRM practices to line management and support them in deviating from the intended implementation to align and internalise practices. A new task for the 'local guardian of culture' (Sparrow et al., 2013) may be to go beyond aligning the underlying values and beliefs of line managers with the values of the organisation, and also to align local adaptations of these values. Deviation could be stimulated when line managers find a way to better fit the practice to the local culture.

Finally, line managers need not only be considered as executors of HRM, but also as initiators. Reasons for initiating HRM are the need for more flexible processes and the desire to support the organisational strategy. We see a role for HRM professionals in picking up on these initiatives and sharing them with corporate HRM colleagues, and with HRM colleagues in their own and other subsidiaries, with the goal of transferring best practices between subsidiaries. They should see themselves as integrating players (Gupta and Govindarajan, 2000) with a responsibility for creating knowledge that can be shared with other subsidiaries. Providing line managers with the freedom and ability to initiate HRM practices and establish feedback loops would be a first step in exchanging knowledge within and between subsidiaries.

5.3 *The dynamics among implementation scenarios*

The implementation scenarios we observed in practice overlapped, and were interconnected rather than isolated from each other. The relationships between the various scenarios became evident during the interviews. Ignoring the existence of practices can develop into imitation and even eventually into internalisation or integration. However, this requires effort. One way to rescue an HRM practice that is being ignored is to invest in communicating the value of the practice in achieving success in the subsidiary's business, another might be to simplify or adapt the implementation procedures. An alternative solution would be to sanction deviation from the intended practice and adapt the practice to the subsidiary's needs, as line managers did in our case. If this is successful, deviation leads to the internalisation of the practice because line managers then see its value for their operations. Although a token adoption of a practice is not the desired outcome for HRM and line management, it could be a valuable initial step since changing attitudes and behaviour takes time. Acceptance of HRM practices was often imitated when they were based solely on corporate policy and insufficient effort made to convince line managers of their value for the subsidiary. Such lukewarm acceptance also stemmed from cultural differences between the HQ and the subsidiary and because implementation was enforced after HRM practices were initially ignored. In such situations, there would be a token adoption, as Kostova and Roth (2002) proposed, and internalisation and integration were extremely unlikely to follow.

Deviating from the intended path appeared to be a hybrid of internalising and ignoring HRM practices: managers internalised and accepted the meaning of an HRM practice but deemed the established process as unsuitable for achieving the desired outcome and consequently at least partly ignored the proposed practice. By refining or redesigning processes, line management, together with HRM managers, become willing to internalise or integrate a practice because this step enables them to recognise value in a practice and to achieve horizontal and vertical alignment. Involving line managers in redesigning processes can be valuable as they have already developed alternatives to achieve the intended outcome.

Internalisation appeared to be a prerequisite for integration – only when line managers have internalised the underlying meaning of a practice are they willing to integrate it vertically and horizontally. However, internalisation was not sufficient for integration: to stimulate managers to integrate HRM practices it was necessary to make them aware of the company's strategy and culture and to highlight the benefits of vertical and horizontal integration. Here, again, the communication of values is a crucial step in the implementation process.

Self-initiation of HRM practices might be an alternative route to achieve internalisation and integration of HRM practices. When line managers sense a lack of initiatives to develop and train their employees, or respond to customer needs, they may initiate new HRM processes themselves. They might do this not only because of a lack of appropriate practices, but also to better internalise the existing HRM package. In this situation, they have already internalised the HRM practices, but need new initiatives to go a step further. Similarly, integration might already be present, but line managers might still initiate HRM practices to improve the vertical and horizontal alignment and so further improve the integration process.

The relationships among the implementation scenarios as well as the actions necessary to move from one scenario to another are depicted in Figure 1. Although the scenarios are presented as a linear flow chart, HRM implementation does not necessarily follow this route. Rather than being a linear process, HRM implementation evolves over time, may skip stages in the process, or may repeat stages when line managers provide feedback. Further, stages may overlap, hybrid forms are present and they evolve over time. In fact, even after a practice is successfully integrated, line managers may later choose to disregard it due to changes in the external environment. Conversely, a practice may also jump from being initially ignored to becoming internalised without going through the intervening steps.

Figure 1   Implementation scenario dynamics
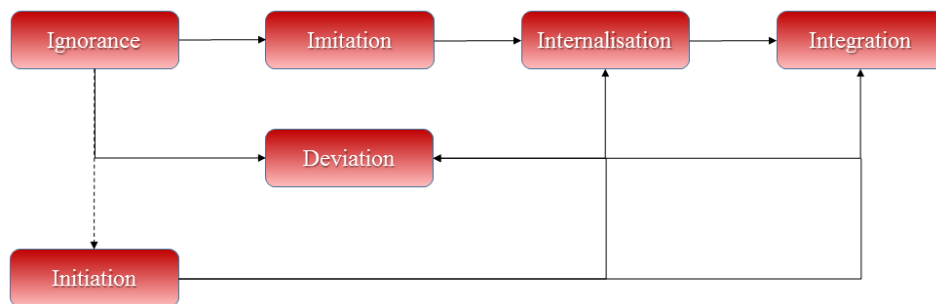
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