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# Global or local? HRM in the multinational company: the Irish experience

**Kathy Monks**

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**Abstract** This article considers the extent to which multinational enterprises adopt a global or local approach in their management of human resources. The analysis is based on the findings of research in nine subsidiaries of multinationals operating in Ireland. The study revealed that the majority of multinationals adopted a local approach, with headquarters involvement in many cases limited to monitoring the financial implications of human resource decisions. It appears that the transfer of human resource management practices can be a two-way process and that some subsidiaries manipulate human resource policies in order to maintain their competitive position within the corporation. The findings also suggest that the integration of human resource issues in strategic decision making may need to be considered as a local, rather than a corporate level, activity.

**Keywords** Human resource management, multinational companies, decision making

## Introduction

There has been a dramatic increase in interest in the topic of strategic international human resource management (SIHRM). This seems to stem both from the emphasis which is now given to the ways in which companies manage their human resources and from the focus on multinational firms which has resulted from the globalization of business. This has led to many publications which tackle the issue of how human resource issues should be managed in international companies (for example, Dowling and Schuler, 1990; Schuler, Fulkerson and Dowling, 1991; Hendry, 1994; Sparrow and Hiltrop, 1994). However, as has been noted (Ferner, 1994), there is still a dearth of empirical evidence on how these issues are managed in practice. This article considers the findings from research completed in nine multinational enterprises (MNEs) operating in Ireland and discusses one element in this debate: the extent to which companies manage the global/local problem.

## HRM in Ireland

Although Ireland in 1996 is still only partially industrialized, the industrialization that has taken place is due in large part to government policies which, from 1958 onwards, encouraged direct foreign investment by offering a variety of financial investments. As a result, there are now about 990 overseas firms operating in Ireland. These employ 90,000 people, approximately 40 per cent of the industrial work-force, and represent 50 per cent of manufactured output and 75 per cent of industrial exports.

There are several contrasting views on the personnel practices of multinational firms in Ireland. Some researchers consider that multinationals have had little impact on the personnel practices of their Irish plants. For example, Kelly and Brannick (1985: 110), from research in twenty-seven foreign-owned firms, concluded that there was a 'clear tendency towards convergence with Irish traditions and practices'. However, later research by these two writers (Kelly and Brannick, 1988) focused on twelve companies, ten of which were foreign-owned, which exhibited 'distinctive competence' in the management of their human resources. Evidence that the personnel practices of foreign-owned companies are more sophisticated than those pursued in indigenous Irish firms also emerges from a study carried out by Murray (1984) into the employee relations activities of manufacturing organizations in Ireland. Recent research by Gunnigle (1992a: 35) indicates 'a trend towards more proactive and individualist approaches to employee relations management among foreign-owned companies, particularly of US origin, locating at green field sites in Ireland'. However, Gunnigle does point out that 'company life-cycle and industrial sector, rather than ownership *per se*, are the key factors impacting on management approaches to employee relations'. Research by Shivanath (1987) suggested that European-owned organizations, particularly those that were British, were more likely to adopt short-term, reactive approaches to personnel management and a study by Monks (1993) did not find any clear pattern to the types of personnel practice exhibited by foreign-owned firms.

The conflicting evidence on the impact of multinationals on Irish personnel practices is not surprising given that the foreign-owned sector does not represent one homogeneous unit: twenty-seven different countries, with involvement in a wide range of activities, have subsidiaries in Ireland. In addition, whereas during the 1960s and 1970s the industrial promotion agencies were actively encouraging multinationals to recognize single union agreements, in the 1980s this advice was discontinued and more multinational subsidiaries are now set up on a non-union basis, a factor which may have a major impact on the types of personnel policies pursued. The recessions of the 1980s have also resulted in a growth in 'atypical' employment forms and moves towards increased flexibility (Gunnigle, 1992b). Roche and Geary (1994: 32) suggest that the industrial relations practices of MNCs operating in Ireland are 'acting as a catalyst for change and that convergence is from "host country practices" towards "foreign company practices" and not vice versa as per the orthodoxy'.

The Irish research to date has concentrated very much on whether human resource practices are imported by MNEs. In the wider SIHRM literature, this issue is explored more in the context of how MNEs tackle the globalness/localness (Bartlett, 1992) problem in their management of human resources. Schuler, Dowling and De Cieri (1993), in a comprehensive review of this issue, anchor SIHRM in the strategic components of MNEs: the relationship between units, referred to as 'interunit linkages' (1993: 728), and the degree of autonomy or control awarded to these units. Schuler *et al.* point out that MNEs can decide to manage in several different ways and that this can range from 'allowing the units to manage independently to deciding that the units will be managed in the same way as they are at the centre (i.e. the headquarters) of the MNE' (1993: 724). It is this issue which was the focus of the Irish research.

### The research

The research took place between February and November 1993 in nine multinationals chosen from the list of overseas companies operating in Ireland. As Table 1 shows, these firms represented a cross-section of nationalities and comprised seven manufacturing and two service organizations. The firms were mainly unionized and were a mixture of small, medium and large firms. In the main they were staffed by Irish managers, although in Bank all senior management were from France, while in Engtech the managing director was French. In both the Chinese and the Japanese firms, all senior managers, apart from the human resource managers, were drawn from the multinational headquarters. The fact that all human resource managers were drawn from host-country nationals, even where senior management remain as parent-company nationals, corresponds to the pattern reported elsewhere (e.g. Dowling and Schuler, 1990).

**Table 1** *Profile of organizations*

<i>Company</i>	<i>Origin</i>	<i>Industry</i>	<i>Number of staff</i>	<i>Unionized</i>	<i>Senior managers</i>	<i>Time in Ireland</i>
Chemco	USA	Chemical	330	Unionized	Irish	26 years
Hightech	USA	Computer	700	Non-union	Irish	15 years
Finance	USA	Finance	45	Non-union	Irish	20 years
Bank	France	Finance	80	Non-union	French	20 years
Engtech	France	Engineering	326	Unionized	French	15 years
Pharmaceutica	Holland	Pharmaceutical	450	Unionized	Irish	20 years
		(3 plants)				
Medicare	Germany	Electronic	260	Unionized	Irish	27 years
Knitwear	Hong Kong	Knitwear	95	Unionized	Chinese	8 years
Compuco	Japan	Computer	180	Unionized	Japanese	4 years

Interviews lasting between one-and-a-half and two hours were conducted with personnel staff in these companies and follow-up telephone calls and visits were also made to clarify specific issues. In all cases except two the interview was with the most senior personnel manager and in some companies more than one member of the personnel department participated in the study. The interviews encompassed a wide range of issues, including the structure and operation of the multinational, staffing of the personnel function, the relationship between parent company and the Irish plant and the origin and types of human resource policies pursued. Data were also collected on staffing levels and copies of human resource policies and documents such as union agreements were obtained. Secondary information available on the companies was also accumulated as part of the research process.

### Relationship with the corporate personnel department

The personnel managers were asked about their relationship with the corporate personnel department of the multinational organization. Questions were asked

on the frequency and type of contact, the information provided, the origin of personnel policies and the extent of control over personnel issues. Table 2 gives an overview of the findings.

**Table 2** *Relationship between parent and Irish personnel departments*

<i>Company</i>	<i>Frequency &amp; type of of contact</i>	<i>Information provided</i>	<i>Origin of personnel policies</i>	<i>Perceived control over Irish issues</i>
Chemco	None	None	Ireland	Total
Hightech	Irregular: annual visits & reports	Absenteeism, turnover staffing levels	Ireland, but liaison with HQ re staffing levels	Total
Finance	Limited: visits, telephone	Staffing levels only	Policies on training, pay, communications, staffing decided at HQ	A great deal
Bank	Limited: reports	Salary issues, staffing levels	Ireland, but liaison with HQ re staffing levels	Total
Engtech	Limited: visits, telephone, presentations	Staffing levels	Ireland	Total
Pharmaceutica	Limited: monthly/annual reports	Absenteeism, turnover, overtime, staffing, HR problems	Ireland, but financial implications vetted by head head office	Total
Medicare	Limited: annual reports	Absenteeism, turnover, staffing	Ireland except for manufacturing, staffing, HR planning	Total
Knitwear	Limited: annual reports	Absenteeism, turnover, overtime, staffing, HR problems	Few policies; Irish rules & procedures	Total
Compucro	Limited: reports	Absenteeism, staffing, HR problems	Ireland except for staffing, manufacturing	None

*Contact with the corporate personnel department*

The responses revealed that the reporting relationship that might have been envisaged, that is, one between the corporate personnel department and the Irish plant, did not exist in many of the firms. In the case of Chemco there was simply no contact: the personnel manager did not even know the names of anyone at corporate headquarters. In Finance and Engtech the Irish company reported to the European headquarters of the multinational and there was no direct relationship with the corporate personnel department. In Pharmaceutica, the personnel department reported to the pharmaceutical division of a multidivisional corporation and had little contact with the corporate headquarters. In fact, the personnel manager here described the corporate personnel department as 'in the ha'penny place' compared with the Irish operation. His first visit there, after nine years in the personnel role, had taken place earlier in the year. In Knitwear there was no personnel department at corporate headquarters because, the Irish personnel manager explained, 'personnel management is a foreign concept to the Chinese, their philosophy is hire and fire, come in and do your job, get paid, go home. The culture is used to making its own way, if you don't you don't survive.' However, a personnel manager had been appointed in Ireland to fit in with Irish ways of handling labour relations. In Bank, the personnel manager knew nothing at all about the corporate personnel department, apart from the fact that it was 'very big' and any contact between the corporate HQ and the Irish branch was conducted through the expatriate management. Interestingly, all personnel documents and policies received in Bank from head office were written in French and were not translated into English. As a consequence, although the Irish branch received these documents, they rarely paid them any attention.

Even where there was a reporting relationship between the Irish firm and the corporate personnel department, as was the case in Compuco, Hightech, Medicare and Engtech, contact was minimal. The relationship that all attempted to maintain is probably best summed up by the personnel manager in Engtech who stated that their approach towards the corporate headquarters was one of 'hands off'. Even where contact did take place it was limited to occasional visits and reports.

Although there was often no direct reporting relationship with the corporate personnel department, Chemco was the only company that sent no information to corporate headquarters. All the rest provided information which in the main related to costs. These companies sent regular reports on staffing levels and Hightech, Pharmaceutica, Medicare, Knitwear and Compuco also sent information on absenteeism, turnover and HR problems, all of which could be broadly categorized as potential costs. Yet, although these reports were sent, feedback was rarely given, although in the case of Pharmaceutica the information was used as a basis for providing league tables comparing the performance of the various divisions within the multinational corporation. The general feeling among the personnel managers was that these reports were 'filed or lost' and their attitude to the reports was summed up by one manager who said: 'They ask for it so they get it'. In a few cases, reports were sent to make a particular case. The personnel manager in Engtech explained the situation:

We don't give information in a structured way, but we might make a presentation to show how good we are. For example, we reduced absenteeism from 8 per cent to 5 per cent. We would call attention to this.

*Policy making*

In the majority of companies, personnel policies were generally drawn up and administered in Ireland. The main exceptions to this were policies on staffing and manufacturing. The issue of staffing was one of numbers and costs rather than the methods used to recruit, select, appraise or train, but personnel managers were constrained in the type of policies that could be applied to manufacturing since production methods and targets were generally determined by the parent company.

Although personnel policies were generally drawn up in Ireland, there was some limited borrowing from the parent company and if a suitable scheme already existed there it might be adapted to the Irish context. For example, Finance, a small company, shared the policies on training drawn up by another subsidiary in the UK while their policies on sexual harassment, total quality management and corporate values came from the American headquarters.

In some companies, even though personnel policies were mainly of Irish origin, where the parent company did not acknowledge a particular issue, an Irish policy was unlikely to emerge. This was the case in both Knitwear and Compuco. Knitwear had not drawn up any personnel policies at all but instead operated a set of rules and procedures to deal with issues as they arose. For example, there was no training and development policy because, the personnel manager explained, 'the Chinese would look to see if there was a need. If I wanted to send anyone on a training programme I'd have to go to Hong Kong for the budget.' A similar situation applied in Compuco, where again there were no training and development policies because, according to the personnel manager:

The Japanese don't subscribe to the organizational development/employee development model. Their view is that employees have a basic education and then serve their time. They adopt a 'sit by Nellie' approach. They feel that no managerial position should be acquired before the age of 30 in order that staff learn the correct behaviour, manner and subservience.

Perhaps the most interesting discovery was that in some cases the subsidiary pursued more sophisticated human resource practices and often transferred Irish personnel policies and practices to the multinational headquarters or to other plants within the corporation. This finding was unexpected given the impression in the literature that multinational corporations import sophisticated practices, but a brief description of the state of affairs in some of the companies explains why this transference occurred.

In Chemco the personnel manager considered that the firm was probably five to eight years ahead of the other two plants within the corporation in terms of machinery and technological developments. He explained the reasons:

The Irish educational system is second to none. The quality of our engineers, chemists, etc., is superb. Puerto Rico has a poor educational system. It is better in the USA, but still not as good as the Irish. The production units are still eight years behind in terms of their philosophy of buying equipment. They're still inspecting in the USA, but we stopped inspecting nine years ago.

The highly educated Irish work-force, together with the homogeneous nature of Irish society, was also put forward by the personnel manager in Hightech as



an explanation as to why more sophisticated types of programmes were pursued in Ireland:

Quality teams are further down the road than those in the USA. They are tackling more complex problems in Ireland and the teams have more autonomy. In the USA the teams are multi-cultural and there are language problems and lower education levels.

The types of policies pursued in the Irish plants had increased the status of some of the Irish plants within their corporations and this meant that Ireland was seen as a training ground for managers from other subsidiaries. This type of training took place in Chemco, Engtech and Pharmaceutica.

#### *Control over Irish issues*

In the majority of cases, control over personnel issues was perceived as total: respondents considered that they had major responsibility for the operation of personnel matters within their firms. The exception was the Japanese company, Compuco. Here the personnel manager considered that he was constrained by the dominance of the Japanese approach which he felt prevented the achievement of any major initiatives:

The hierarchical system works well for them and they don't choose to change that when they go overseas. Everything runs from a central figure with total power and control. Subservience is guaranteed and never challenged. Power and control work very well. The subjects know the situation and field suggestions and opinions that they know the superior will accept. No loss of face is allowed and there is no challenging of decisions.

This finding fits the pattern found in the literature that human resource practices in Japanese subsidiaries will closely reflect those of the parent company (e.g. Oliver and Wilkinson, 1989; KPMG, 1991).

#### **Conformity with Irish personnel practice**

The second major area explored was the extent to which the personnel practices carried out within the firms studied could be described as conforming to Irish personnel practices. The major difficulty in dealing with this issue was the problem of defining the nature of Irish personnel practice. The conclusion which has been drawn from the limited research is that a variety of practices exist and various models have been developed to explain and understand the different practices (Monks, 1993; Gunnigle, 1992b). A distinction has been made between 'traditional' and 'innovative' approaches to personnel management (Guest, 1990; Monks, 1993). The traditional encompass administrative or industrial-relations-focused policies and practices similar to the 'clerk of works' and 'contracts manager' models (Tyson and Fell, 1986). The 'innovative' include 'professional' or 'sophisticated', HRM-oriented approaches with the 'sophisticated' similar to the 'architect' model (Tyson and Fell, 1986). Three factors are discussed in assessing the type of personnel practice adopted within the organizations, particularly in relation to the extent to which they approached HRM. These were the types of objectives pursued by the personnel department, the extent to which personnel issues were integrated into strategic decision making and the overall approach to personnel practice. Table 3 gives an overview of the findings.

**Table 3** *Approaches to personnel management practice*

<i>Company</i>	<i>Objectives</i>	<i>Strategic focus</i>	<i>Approach</i>
Chemco	Proactive	HR integration	Innovative/sophisticated
Hightech	Proactive	HR integration	Innovative/sophisticated
Finance	Reactive	HR input	Innovative/professional
Bank	Reactive	None	Traditional/administrative
Engtech	Proactive	HR integration	Innovative/sophisticated
Pharmaceutica	Proactive	HR input	Innovative/professional
Medicare	Proactive	HR integration	Innovative/professional
Knitwear	Reactive	None	Traditional/IR
Compuco	Reactive	None	Traditional/IR

*Personnel objectives*

Five of the organizations (Chemco, Hightech, Engtech, Pharmaceutica and Medicare) were identified as pursuing proactive personnel objectives. In Chemco the personnel manager considered that the objectives of the personnel department were:

To integrate the machine with the person and to strategize the next five years We need to expand the company's range of products and to bring in moneys. We need stability to bring in new expertise, to develop new products.

The personnel manager in Engtech outlined three objectives:

To create a more empowered work-force; to give people more responsibility over their own work – to make a more significant contribution; to involve them more in the business through communications and interest in the performance of the company.

In Pharmaceutica, the objective was 'total quality management', while in Medicare the personnel manager stated:

The business plan includes people as an issue and this is the driving force in our objectives. This will involve the implementation of a performance review system, the training and development of staff, the development of reward systems, the completion of the TQM programme and the development of communications programmes.

In contrast, the objectives stated by some of the other organizations indicated an emphasis on maintaining the status quo; on the solution of some problems and the avoidance of others. For example, in Finance the focus was 'to update the company handbook, to revamp salaries and benefits, to keep up with EC legislation, to plan out a training budget'. In Compuco the aims were 'to keep labour costs down, to support the quality drive in relation to production and to maintain a core group of key employees'. In two companies there were no objectives. In Bank, the personnel manager considered that 'there is just the day-to-day dealing with problems', while in Knitwear, 'the main worry is whether the plant will remain open. Personnel issues are subordinate to survival'.

*The integration of human resource issues into strategic decision making*

In most of the manufacturing organizations investigated, production methods, requirements and targets, together with decisions on technological change and investment, were set by the parent company with little or no involvement by the Irish subsidiary. The personnel manager in Pharmaceutica described the situation as 'we're very much under their thumb'. This situation was not surprising: the subsidiaries had been set up to produce a certain line or quota of a particular product and the products had to conform precisely with those produced in the main plant or in other subsidiaries. This factor had a major impact on the power the personnel manager could have in strategic decision making: the ground rules were already set, but there might be choices in the ways in which they operated. Some personnel managers were then successful in ensuring that human resource issues were integrated into strategic decision making at plant level. In some cases, based on the success of various initiatives, Irish human resources issues might then be considered when strategic plans were revised by the parent company. The personnel manager in Pharmaceutica explained the situation:

In Ireland human resource issues would be integrated into strategic planning, but Holland sets the agenda. They may decide to drop a product and then it's left to Ireland to determine the human resource implications. They will be sympathetic and listen to ideas, but whereas personnel issues would be considered at an Irish strategic level, they may not necessarily at a Dutch level.

He gave an example of how the situation could work in practice by describing how the personnel department had examined the issue of equality within the factory and found that women were under-represented in one particular section because of the weights they had to lift. The parent company invested £80,000 in weight-lifting machinery, even though it was not vital to production requirements, to support the equality initiative. In this way, the Irish subsidiary managed to place a new HR issue on the agenda of the parent company.

Some personnel managers appeared to be more successful than others in attaining acceptance of a role for human resource issues at plant level. The personnel manager in Engtech explained how he pursued his cause:

Human resource issues are fundamentally part of the decision-making process. I managed to impose these, although I got a great deal of resistance to change. People try to impose technical solutions, but I had to elbow the human resource issues onto the table at a very early stage. I was lucky that the MD was sympathetic to a human resource focus.

In Chemco the personnel manager was involved in 'everything that was going on within the company'. He was one of the group termed 'The Magnificent Seven' that ran the company and he pointed out that 'No major decision is taken without my involvement. I act as a consultant on people issues. I'm always asked "what's your view?" and I'm part of the team.' This respondent pointed out that no manager would dream of taking a decision which had human resource implications without consulting with him first: 'a manager would be disciplined for introducing something new, either machine or method, without informing the people first'.

*The approach to personnel practice*

The personnel practices pursued within these companies were broadly categorized into four types (Monks, 1993): traditional/administrative, traditional/industrial relations, innovative/professional and innovative/sophisticated. Three of the organizations (Bank, Knitwear and Compuco) fitted the traditional categories. As already indicated, these companies had few objectives and the main focus was on record keeping and administration, on dealing with day-to-day issues or on maintaining harmony by solving industrial-relations problems.

The remainder of the organizations were more difficult to classify. Whereas they were all engaged in professional or expert approaches to personnel practice, involvement in strategic decision making tended to be confined, in the main, to the local level. Given existing models, these organizations could not be categorized as pursuing HRM. Yet Chemco, Hightech and Engtech exhibited some of its key characteristics. They were all involved in extensive initiatives in recruitment, communications, training/development and remuneration. For example, Chemco spent an 'immense amount of money on training', with a required number of training days specified for various categories of employees. This company also paid between 20 per cent and 50 per cent over the going rate for a job. Yet, while a huge emphasis was placed on communications, there were no structured schemes. Instead, the focus was on communication via the supervisor: 'the supervisor is to be out there walking about, as does the CEO, talking to people and finding out their views and opinions'. In contrast, in Hightech, there was a very wide range of communication devices, a 'huge budget for training and a huge investment in both technological training and self-development'. In Engtech, there was also a large budget for training, a wide range of communications programmes, and a very clear philosophy of how they were managing and where they were going. The fact that these firms were involved in initiatives which could be identified with HRM did not entail a lack of attention to the more basic personnel matters. For example, in Hightech there were employee relations managers who worked shifts and who acted as 'trouble-shooters' and 'fire-fighters' in ensuring that any employee-relations problems which emerged were rapidly resolved.

The remainder of the organizations (Finance, Pharmaceutica and Medicare) could be described as adopting professional and expert approaches to personnel matters, while not necessarily pursuing a strategic perspective. For example, the personnel manager in Pharmaceutica, when asked about the overall philosophy in managing employees, replied:

There is no overall strategy, we're very much feeling our way. We have a pragmatic approach to managing issues. We don't have a specific philosophy on what we want to do and how we want to treat people. It hasn't been spelt out.

Yet, this company did have a range of communications mechanisms, spent a good deal of money on training, and the personnel department was driving the TQM initiative within the organization. A similar situation applied in Medicare. Here the various human resource policies emanated from the overall company strategy and business plans. At the same time, the business plan 'included people as an issue and this is the driving force in the initiatives'.

## Discussion

The research raises the issue of how the management of human resource matters should be considered in the context of multinational organizations. The intricacies of strategic decision making in the multinational company that were revealed by this small study indicate that the Irish personnel manager may have minimal input into ensuring that human resource issues are integrated into strategic decision making at corporate headquarters. For example, no personnel managers in this group of companies attended meetings at corporate headquarters and any attempts to include human resource issues on the corporate agenda were handled by the managing directors. Yet, at local level, in some of the companies at least, human resource issues were of board-level importance and were integrated into strategic decision making. Figure 1 sets out a framework for understanding the integration of human resources issues in strategic decision making within multinational organizations and for considering the tensions which may emerge between corporate and local level activities.

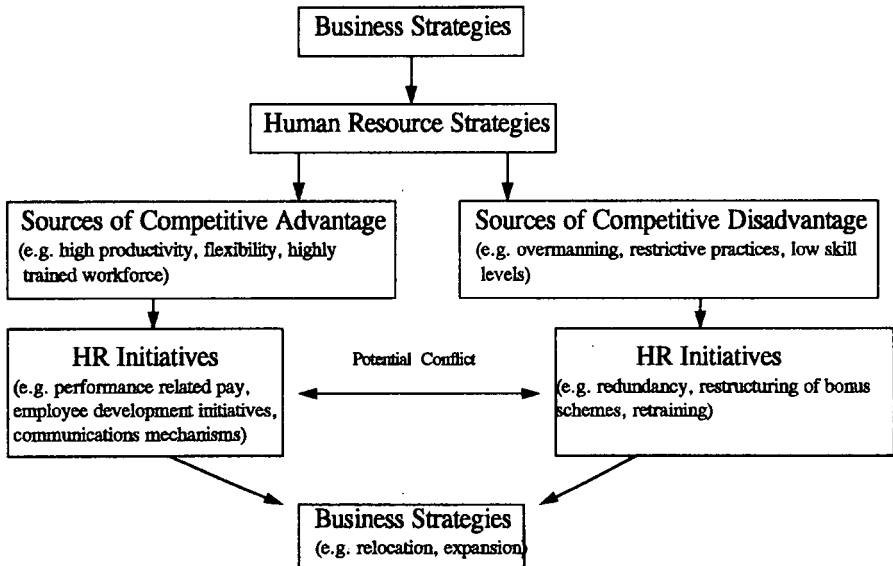


Figure 1 Integration of business and human resource strategies

In the organizations studied, business strategies are set by corporate headquarters. The human resource strategies required to implement these decisions are then decided at local level. This requires both the identification of the key elements of such strategies (sources of competitive advantage) and the identification of the barriers to achievement (sources of competitive disadvantage). Only then can decisions be taken on the appropriate human resource initiatives required to implement these strategies. In some cases, however, there may be conflict between the measures necessary to overcome what have been identified as

sources of competitive disadvantage and those necessary to pursue sources of competitive advantage. Thus, problems such as overmanning, restrictive practices and low skill levels may require the implementation of redundancy packages, compulsory retraining and the restructuring of bonus schemes with considerable loss of earnings. These types of initiatives will not necessarily sit easily with the measures required to achieve competitive advantage: performance-related pay, employee development or communications mechanisms focused on commitment. From the perspective of headquarters, the ability of a subsidiary to implement initiatives perceived as leading to competitive advantage may have a major impact on the formulation of future business strategies and on the decision of the multinational to continue to invest in the particular location. For some multinationals, the cost of a subsidiary 'unlearning' the practices which have been identified as sources of competitive disadvantage may be too great and the decision may be taken to move the operation to a location where the costs are lower and the returns greater.

Analysis of human resource strategies in this way also gives an insight into the management of what have been described as 'interunit linkages' (Schuler, Dowling and De Cieri, 1993; Schuler, Fulkerson and Dowling, 1991; Bartlett and Ghoshal, 1991). This issue was not originally part of the study, but during the course of the research it became obvious that the approach to human resource matters pursued by many of the personnel managers could not be understood except in the context of their fight to maintain the position of their own subsidiary within the MNE. Many of the Irish subsidiaries were under pressure from headquarters to pursue strategies that were cost effective and recognized as sources of competitive advantage. In response to this pressure, which was usually seen as a threat because failure to comply might result in closure of the Irish plant, some of the Irish organizations had managed to establish themselves as 'showcases' within the MNE. They had accomplished this, at least in part, through the types of HR practices they had introduced. For example, Chemco, by recruiting and selecting the best engineers and chemists, had built up a research and development unit which was the largest in Europe. As a result, they had developed a technological expertise far in advance of the other divisions within the corporation. Pharmaceutica, by establishing its reputation, was seen as the training ground for middle managers within the MNE. The fact that units may serve as centres of excellence and creators of knowledge and become benchmarks for other units has been documented in the literature (e.g. Pucik, Tichy and Barnett, 1992). It was interesting to note in the case of the Irish organizations the extent to which some were using this approach not to benefit other units, but to ensure the survival or expansion of their own unit. By promoting the unit as a 'showcase' for the multinational, these companies had developed policies and practices which made them indispensable to the success of the corporation as a whole and which undoubtedly influenced whether further investment took place in the Irish plant. In these companies, although the strategic direction was fixed by corporate headquarters, the types of tactics the Irish subsidiary could adopt within these strategies certainly had a major impact on its survival. One personnel manager described this process as 'reverse benchmarking': rather than looking to the parent company or other divisions for examples of best practice, the Irish subsidiary was developing its own best practices in order to compete successfully against other subsidiaries. Some recent research

has suggested that HRM is a source of competitive advantages for multinational firms, either in terms of the human resource practices pursued (Sparrow, Schuler and Jackson, 1994) or in its focus on its human resources (Wright, McMahan and McWilliams, 1994). Some of the Irish companies were using HRM techniques and approaches to pursue their own competitive advantage and to ensure that their particular plant retained its competitive edge over other plants in the MNE. Thus, the 'interunit linkages' (Schuler, Dowling and De Cieri, 1993: 728) were in these cases 'interunit rivalries'.

## Conclusions

This article has considered the issue of how MNEs manage the global/local problem in relation to their HRM practices. The issue was considered in the context of nine Irish organizations and the extent to which the findings can be generalized is limited by the small number of companies involved in the study and by the fact that they are all located in Ireland where historical and situational factors may have a particular impact. However, a number of interesting issues emerged which give insights into this global/local issue and also raise questions for future research.

The findings first of all confirm Schuler, Dowling and De Cieri's (1993: 724) view that MNEs can decide to manage in several different ways. The majority of MNEs in this study adopted a local approach to human resource matters, and controls, where they existed, were maintained by monitoring the financial implications of staffing decisions. However, the SIHRM literature does not tackle the issue of the extent to which the relationship between parent company and subsidiary is affected by intermediaries. In some of the Irish companies, the relationship with the parent company was mediated through a European or divisional headquarters. This factor may make it difficult to decipher the precise way in which HRM matters are decided. For example, to take the case of one of the companies studied, an American firm operating in Ireland but with a reporting relationship to the European headquarters located in London: is the impact (if any) on Irish HRM practices of American, European or British origin? Is the input into Irish HRM practices increased or decreased because of the intermediary? To what extent are the parent company practices interpreted, and therefore changed, by the divisional headquarters? Research into the human resource practices of some of the smaller subsidiaries of MNEs may shed light on these issues.

The SHIRM literature also devotes attention to the interunit linkages but these have generally been seen as providing co-ordinating mechanisms and as 'balancing the needs of variety (diversity), co-ordination and control for purposes of global competitiveness, flexibility and organizational learning' (Schuler, Dowling and De Cieri, 1993: 728). In some of the firms investigated this did not appear to be the case: personnel managers were often intent on protecting their own interests and on ensuring their own survival within the MNE and pursued human resource practices to achieve this end. This raises the question as to whether there was a deliberate strategy on the part of the MNE to encourage these rivalries, or whether these particular MNEs simply lacked the corporate 'glue' (Evans, 1992) to bond together these separate entities. Whatever the reasons, the study suggests that a better understanding is required of the role that

human resource practices may play in maintaining or even disrupting these interunit linkages.

The research also suggests that an understanding of the types of human resource practices displayed by a subsidiary must be seen in the context of the pressures they face from the strategies pursued by both the MNE and other units within the corporation. These pressures may force the implementation of cost-cutting measures which are unlikely to be welcomed by the work-force. The challenge for personnel managers is to ensure that all human resource issues, not simply those focused on retrenchment, become part of the MNE's agenda. Many models of HRM emphasize the critical importance of the inclusion of human resource issues in corporate decision making, but the evidence from this study suggests that this may not be an option for many subsidiaries. But the ability of the personnel manager to 'elbow the human resource issues onto the table' may have a major impact on the types of policies which are pursued at local level. The exclusion from *corporate*-level decision making does not, therefore, appear to be grounds for concluding that a subsidiary cannot pursue practices which could be labelled HRM. Viewing human resource strategies in this way fits in with research into multidivisional firms (Purcell, 1989, 1994) which focuses on the three different levels of strategy which may operate within these types of firm.

Finally, the issue of whether MNEs import sophisticated HR practices and whether they conform to host country approaches is one which has been widely discussed in the Irish literature. The evidence from this research casts doubt on whether this matter is of crucial importance for many Irish subsidiaries. In the companies investigated the focus appeared to be on pursuing measures to ensure survival within the multinational corporation and on developing human resource practices which assisted this process; the country of origin of those practices was in consequence of little significance.

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