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**Understanding the Mosaic:
National Insights and International
Dimensions**

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Understanding the Mosaic: National Insights and International Dimensions



KATHY MONKS

INTRODUCTION

The use of the metaphor of a mosaic seems to be one which is particularly appropriate to making sense of the complexity that comprises international HRM. Within the image of a mosaic, two elements emerge. First, the mosaic is made up of tiny pieces, each of which is of no significance on its own and which can only be interpreted in the context of the bigger picture. Second, the construction of the mosaic is not a random activity: both the artist and the onlooker have to make sense of the materials in order to construct order, symmetry and meaning from the small pieces of information. In the case of the artist, decisions have to be made not only on what the picture should look like but also on which of the many elements that comprise that picture need to be given prominence within the finished product. In the case of the onlooker, interpretation is required in order to understand the picture presented. The process of sense making is thus two-way. At the same time, it may also be the case that the person engaged in building the picture may not understand or interpret the world in the same way as the person viewing it.

The extension of this analogy to considering how we make the connections between national HRM practices and systems and what we label international HRM practices and systems indicates the complexities involved in our task. Indeed, even to use the term ‘national HRM system’ is one fraught with difficulties as national systems comprise a variety of different elements: HR policies and practices (that can vary considerably between firms), employee relations systems (both unionised and non-unionised), employment legislation, employers’ bodies, trade unions, government and national institutions – to name just a few. In addition, the national and international elements cannot be considered as necessarily distinct and separate from each other; Ireland’s position within the EU alone, apart from her membership of other communities, implies that considerations of national dimensions are becoming increasingly difficult to disentangle from their wider context.

At the same time, it is well documented that when cognizance is taken of employees then, at this level, ‘employees’ understanding of work, their approach to it and the way they expected are factors most directly influenced by the norms and values of their country’ (Raguram, London and Holt Larsen, 2001: 738). In addition,

managers are also influenced by ways of managing and organizing that cannot be divorced from the society in which they operate (Hofstede, 1993). Thus, 'compared to any of the organisational functions, human resource management practices are likely to be influenced by culture-specific procedures, local regulations and norms (Raghuram et al., 2001: 738).

The process of mosaic-making first of all requires the assemblage of the tiny pieces. In this paper, the pieces were chosen try to reflect as far as possible some of the key themes that have emerged in Irish research and analysis into HRM. Then comes the complex task of fitting these pieces together in a way that builds a picture rather than a hodge podge of disconnected elements. First, though, it is necessary to decide what the finished picture should look like and to reflect on the image of Ireland that is presented to the world in 2003.

IRELAND: THE CELTIC TIGER?

The traditional picture of a donkey and cart standing outside a thatched cottage that has for so long embodied the Irish Tourist Board's image in its marketing strategy for Ireland is one that is fast losing relevance. By 2000 this needed to be replaced by one depicting a Celtic tiger in full roar against a backdrop of high tech industries in the Silicon valley of Lucan in West Dublin. In providing such contrasting images, it is useful to consider some of the key economic differences that emerged in Ireland between 1993 and 2000. These are outlined in Table 1.

Table 1: Ireland's Economic Development 1993-2000

	1993 - 2000
Average growth of GDP	9.3% per year
Average growth of GNP	8.4% per year
Increase in employment	4.7% per year
Level of unemployment	1.15 million to 1.65 million
Unemployment	15.9% to 4% (2001)
Productivity growth	3.4%

Source: NESC (2002)

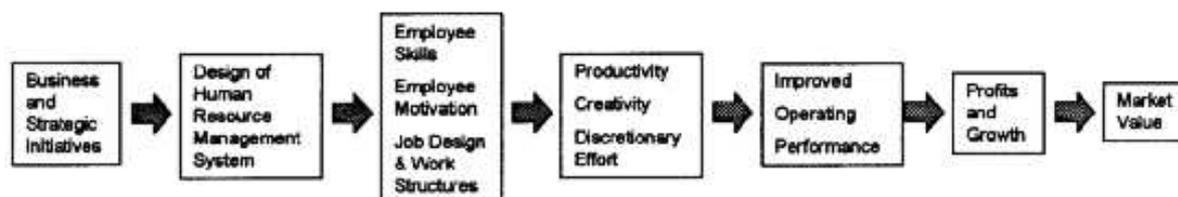
While the picture would need to be slightly altered for 2003 with the tiger's roar now somewhat muted by a slowdown in economic development, the picture of Ireland in 2003 is of a country focused on encouraging and promoting investment from high techindustry with a well-educated workforce who have expectations of a high standard of living. This is a country that has experienced an influx of immigration during the late 1990s that has transformed the previously homogeneous culture into one with a multiplicity of ethnic groups and languages.

In trying to understand the transformation process, it is useful to consider the insights that are provided by a resource-based view of the firm (e.g. Barney, 1991). This work has led to a rethinking of the potential contribution of HRM to competitive

advantage (Delery and Doty, 1996; Huselid, 1995). In particular, the resource-based view has drawn attention to the impact that effective *systems* of HRM, rather than individual HR practices, may have on firm performance. Such systems, as Huselid (1995:636) points out, 'simultaneously exploit the potential for complementarities or synergies among such [HR] practices and help to implement a firm's competitive strategy'. While this work does not at present extend to considering the impact of national systems on firm competitiveness, it is useful to borrow from the thinking on HR systems research in order to try and make sense of the multiplicity of information available on HRM in Ireland.

Thus, the model devised by Becker, Huselid, Pickus and Spratt (1997), as shown in Figure 1, provides a way of considering the relationship between HRM and performance that in this case is utilised to understand not simply firm performance but also the performance of a national system. It is not possible to consider all elements of this system, instead this analysis will concentrate on the second element in the chain: the design of the HRM system. In trying to understand the design of the HRM system, consideration will be given to two factors that have been identified as making a major impact: the influence of foreign investment and Ireland's approach to partnership. Focusing on these two issues also allows for the consideration of the influence of both international and national HRM systems on HRM in Ireland.

Figure 1: A Model of the HR-Shareholder Value Relationship



Source: Becker, Huselid, Pickus and Spratt (1997: 40)

INTERNATIONAL HRM SYSTEMS

One of the issues raised within the international HRM literature is the extent to which MNCs, through the process of foreign direct investment (FDI), adopt the HRM and IR practices of their host countries. This issue, generally referred to as 'the conformance thesis', has led to significant debate in Ireland with contributions and differing standpoints taken by academics (Turner et al., 1997; Geary and Roche, 1999). From the 1960s, Irish government policy of encouraging, through innovative tax incentives, the setting up of foreign industry in Ireland, has had an enormous impact on the industrialization and modernization of Irish society. These firms brought with them not only their need for highly trained and skilled staff, but also their HRM policies and practices. While the Industrial Development Authority (IDA) originally encouraged union recognition and advised incoming firms to adapt to local traditions of industrial relations, increasingly MNCs showed a preference for single union

agreements or, particularly in the case of the US firms in the electronics sector, non-union operations (Gunnigle, 1994; Geary and Roche, 1999). In some cases at least, the HRM policies and practices within these firms focused on individualizing the employment relationship and the firms pursued union substitution strategies that emphasized direct communications and involvement. This impact has increased over time as Irish industrial policy has focused on attracting high technology foreign direct investment that has resulted in the arrival of companies such as Intel, Hewlett Packard and Microsoft who are identified with their commitment to union substitution (Roche, 1997). Indeed, Roche (1997: 121) suggests that: 'The IDA appears anxious to preserve the scope enjoyed by incoming companies to choose from multiple industrial relations regimes as their corporate philosophies and wider strategies dictate.' As a result, incoming firms have brought within them new approaches to issues such as performance related pay, profit sharing, job design, communications and problem solving that have impacted not only on the firms themselves but on the wider organisational community.

The conformance debate may also be extended by posing the question about the extent to which international firms may temper their (imported) HRM practices within a host country and in so doing create new and improved practices that are then re-exported to the parent company and which may then be adopted by other companies within the multinational corporation. It is generally accepted that many HRM practices cannot simply be imported without any cultural or in some cases legal adaptation. However, it is sometimes thought that this adaptation is a process of simplification or dilution in order to cope with a less sophisticated population. But recognition must be given to the type of society into which they are imported. In the case of US multinational organisations setting up in Ireland, the homogeneous nature of the workforce, with English the language spoken and understood by all employees, provided the MNCs in some cases with a much more sophisticated and better educated workforce than they might have encountered within their home country.

It was therefore possible to introduce more complex HRM systems than might be the case in the parent company and to use Ireland as the testing ground for their success and possible extension to other locations within the enterprise. However, the success of such policies, while perhaps showcasing the Irish location, may not necessarily have a positive impact on the long-term survival of the Irish division. Adoption by other firms within the corporation may simply make those firms more cost effective and perhaps better able to compete on labour costs or other factors of production. Success in transforming HRM practices, while of potential benefit to the international firm, may therefore become a double-edged sword for the national organisation (Monks, 1996).

There may be other downsides as well to the changes wrought by incoming MNCs. Sparrow and Hiltrop (1994) suggest that FDI may be act as a 'powerful uncoupling force on national HR systems' through four impacts:

- Changes in overall employment levels, the structure of industry and operation of labour markets;
- Establishing a new set of dynamics in terms of business networking, changed mindsets and new contexts for HRM decision-making;
- Differences in patterns of HRM between foreign-owned and domestic organisations; and
- The need to tackle specific HRM problems associated with the actual process of merging and integration.

In the Ninth John Lovett Lecture delivered in 2001 (Sparrow, 2002), Paul Sparrow examines a range of evidence to consider what type of impact FDI has made on the national HRM system. He suggests that there are ‘clues to subtle ways in which FD alters national HR patterns’ and points to the evidence from the study of Greenfield site firms (Gunnigle et al., 2001). This showed that trade unions and collective bargaining, traditional mechanisms for managing the employment relationship in an Irish context, are facing ‘virtual exclusion’ in Ireland’s new growth industries with union avoidance policies and opposition to traditional pluralist industrial relations.

The Other Side of FDI: The Experience of Expatriates in Ireland

While FDI is often seen as impacting on host country HRM systems, the experience can also be viewed from the perspective of those who are part of the expatriate community that comprise the inward investment.

A study of the experiences of 76 US and Canadian expatriates (Flynn and Morley, 2002) indicated that they experienced few problems in adjusting to living and working in Ireland and in interacting with Irish people. Their study found no gender differences in the responses although this may be due to the fact that women comprised only a small number (11) of their respondents. However, a research study again using Canadian expatriates but utilizing a qualitative approach provides a less optimistic picture (Leiba- O’Sullivan, 2002). Ten expatriates were interviewed for this study with interviews also taking place with expatriates’ spouses, colleagues and managers. Most expatriates reported that they adjusted reasonably well eventually (after one year), but most reported a very difficult first year. One of the difficulties stemmed from the fact that the English language is common to Canadian and Irish cultures and this gives a mistaken impression that the cultures are also similar. But in the Irish workplace difficulties emerged with what the Canadians perceived as a lack of strategic planning, a lack of procedural clarity and an indifference to time deadlines (p. 243). Their Irish counterparts recognised these perceptions but their interpretation focused on the underlying values that drove these differences; values that were based on cultural differences. Other elements that caused problems of adjustment related to a lack of environmental awareness and awareness of safety issues in relation to children and women, the lack of availability of Canadian products, the high cost of living, the weather with the incessant rain proving a dampener in more ways than one,

and the traffic. It should perhaps be pointed out that most Irish people also have problems in adjusting to these last three factors. Finally, there were also some communications problems, particularly in relation to the level of directness in conversation as well as the extent to which Irish people became defensive when any problems with aspects of Irish life were identified.

Margaret Linehan's study of 25 senior female expatriates based in Ireland found that women encountered specific problems while living and working in Ireland. The research revealed that women found that 'the old boys' network' was alive and thriving in Ireland and that as females they were denied access to these networks, in particular the ones that centred on golf and rugby. The women found that a good deal of business was conducted informally through these networks but there were no similar networks for female managers. The view was that the existence of such networks 'perpetuates more typical male customs, traditions and negative attitudes towards female managers' (Linehan, 2002: 137) and that their effects included 'blocked career development, discrimination, occupational stress and lower salaries' (p. 139). The lack of female mentors and role models was also identified as problem areas. The women expatriates living in Ireland also encountered cultural differences and barriers: the notion that the husband was the accompanying spouse rather than the woman proving difficult for many social encounters; childcare was frequently problematic as were other support structures. It should be pointed out that the barriers encountered by these women were not encountered because they were expatriates or foreigners but because they were women and other Irish studies have reported the existence of these barriers, particularly within the professions (Barker and Monks, 1998).

Interestingly many of the adjustment problems identified in these studies are not confined to expatriates; both studies describe problems that are already well known to and experienced by those whose permanent homes are in Ireland. However, the significance that these take on when confronted for the first time by an individual who does not normally live in the culture provides insights into the types of adaptation that is required by expatriates. The Leiba-O'Sullivan (2002) study was undertaken to explore the extent of cultural adaptation required when low levels of cultural distance are involved: close cultural proximity, particularly in the case of shared language, can create unrealistic expectations about the level of cultural adaptation that is really required for successful expatriation.

NATIONAL HRM SYSTEMS

Many commentators suggest that partnership, in particular social partnership, has been a major factor in Ireland's economic development and is an integral part of Ireland's route to achieving competitiveness along what has been termed the 'high road' of ensuring competitive advantage through creating a high skill, knowledge intensive economy. It is useful to consider this element from two perspectives: 'social

partnership' exhibited in national agreements, and workplace partnership which includes new approaches to working arrangements.

Social Partnership

In 1987 the first of the social partnership programmes was negotiated. This three year Programme for National Recovery (PNR) included government, trade unions, employers and farmers. The significant difference with this programme from other attempts at national bargaining was that the agreement involved not just pay but a wide range of measures that included taxation, social welfare, employment creation, public spending, and changes to legislation. During the 1990s the group was expanded to include interest groups such as the long-term unemployed and parts of the voluntary sector. The PNR has been followed by successive agreements: the *Programme for Economic and Social Progress (1991-93)*; the *Programme for Competitiveness and Work (1994-1996)*; *Partnership 2000 (1997-1999)*; the *Programme for Prosperity and Fairness (2000-2002)* and *Sustaining Progress (2003-2006)*. Partnership at this level has been institutionalized through the setting up of the National Centre for Partnership, more recently reconstituted in 2001 as the National Centre for Partnership and Performance with its mission to refocus partnership around performance and competitiveness. It is now a widely held view that these agreements have contributed to the recovery of the Irish economy in the 1990s.

New Forms of Work Organisation

Two studies in the mid 1990s were positive and enthusiastic about the extent to which new forms of work organisation labeled as 'collaborative production' had diffused across the Irish economy (Sabel, 1996; McCartney and Teague, 1997). In these studies Ireland is portrayed as a country in which extensive engagement with new forms of working such as teamworking, empowerment and jobs enrichment has taken place and in which there is evidence of the adoption of high performance work practices. This transformation is seen as playing a role in Ireland's economic performance. Yet, as Roche and Geary (2000) point out, for such a diffusion to take place would be at odds with trends throughout Europe and the USA and with those reported elsewhere in Irish research (e.g. Gunnigle, 1997; Roche and Turner, 1998; Geary, 1999). Roche and Geary (2000) present findings from the UCD workplace survey (1996-1997) which indicate that the reorganization of work, while 'impressive', is more limited and not quite as radical as has been assumed by some commentators. In particular, changes that have occurred are 'more likely to have been driven through by unilateral management decision-making than by collaborative production in any of its various forms' (p. 29).

These findings therefore place Ireland in line with the larger Western economies and Roche and Geary propose that there is no argument for suggesting that 'the transformation and performance of the "Celtic Tiger" economy of the 1990s can be attributed in any decisive degree to collaborative production' (p. 29). In a later

analysis, Geary (1999) considers the extent to which teamworking has been adopted within Ireland. He found that while teamworking was 'as widely diffused in Ireland as elsewhere in Europe', it was 'predominantly of the form that comes close to the Toyota model' and that the more advanced Scandinavian model was 'a very rare occurrence' (p. 879). Factors that did appear to explain the incidence and intensiveness of teamworking in Ireland were the extent to which firms competed on the basis of product/service customization and it was more prevalent in the high tech and financial services sectors. Interestingly, no association was established between either greenfield sites or MNCs. In summary, as Geary points out: 'That the new competitiveness of the Irish economy has been achieved without significant work reorganization must now also be acknowledged' (Geary, 1999: 886).

At the same time, there are now emerging case studies of organisations in which partnership at enterprise level is taking root and where there are a variety of arrangements to involve unions and their members in both operational and business decision-making (e.g. Roche and Geary, 2002). However, these remain the exception and isolated examples of what can be achieved rather than what is the norm and attempts to institutionalize partnership could prove problematic for some MNCs considering investment or reinvestment (Roche, 1997).

The research on new forms of work organisation confirms other studies that have been undertaken of the diffusion of HRM practices in Irish organisations. The picture that emerges is that organisations have for the most part not constructed coherent HRM systems that comprise the integration of a consistent set of HRM practices (Monks, 1992/3; Roche, 1999; Monks and McMackin, 2001). Rather the focus has been to adopt HRM practices in one or more policy areas, but without necessarily giving consideration to the implications that this may have on the overall system.

HRM SYSTEMS AND PERFORMANCE: NATIONAL AND INTERNATIONAL DIMENSIONS

In mid 2003, Ireland's Celtic Tiger seems to be a somewhat endangered species. Recent data from the Central Statistics Offices indicate that the economy slowed sharply in 2002 and performed particularly weakly in the final quarter. At the same time, there is strong growth in the multinational sector (Taylor, 2003). This phenomenon raises concern about the emergence of twin or dual economies and, in consequence, raises issues about the emergence of twin HR systems. Are the national and international HR systems co-existing, learning from one another, or diverging? Does the adoption of the types of HR system now associated with the high tech foreign-owned industry lead to better performance or are other factors at play; what part do 'Irish' HR systems play in the lack of performance of the indigenous sector?

The answer to these questions are not easy to find. The research undertaken for this paper indicated that the trying to obtain a picture of a national system of HRM is a difficult task. The research is scattered in a wide variety of articles and journals and the process of making sense of the wide ranging and at times contradictory findings is

complex. The task is made more difficult by the fact there is currently no existing national database that will allow a full picture to be obtained of the various elements that comprise HRM in Ireland. Valuable snapshots have been provided by studies such as the Euronet Cranfield international surveys of HRM and a recent CIPD Mercer survey (CIPD, 2002) but problems with response rates and reliance on the views of the HR manager indicate that a national study that includes the views of employees and other managers is sorely needed. Until that time, the construction of a mosaic that contains all the pieces and provides a total picture will remain a difficult task.

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