An Overview Of The Influence Of Globalisation And Internationalisation On Domestic Human Resource Management In New Zealand

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New Zealand organisations have outgrown their geographical boundaries. Globalisation and internationalisation are demanding that managers adapt new policies and procedures to stay competitive in the global markets. The multiplicity of stakeholders and diverse workforces require new leadership and attitudes for domestic, global and international human resource management. Human resource managers should be aware what global labour markets offer and also require of them such as adding value to organisations. Some influences and impacts on domestic and global human resources management are pointed out and discussed with implications for managers, possible solutions and trends. Traditional roles and responsibilities of business managers and HR managers need to change. As change agents and leaders they should be prepared to meet business changes to stay globally competitive.

Field of research: Human Resource Management

1. Introduction

This article covers different views of researchers on what the possible influences could be on organisations and relate it to New Zealand organisations in terms of globalisation, internationalisation and domestic HRM focusing on standardisation of pay and working conditions. Substantial differences in human resources practises are to be found among the world's countries and regions. It must also be realised that there are deep-seated differences in the approach to human resources (HR) in various countries due to the historical evolution thereof or political differences. It should be accepted that when it comes to the current state of human resources management (HRM), New Zealand is not the same as some other countries because of its uniqueness on several fronts and currently it has a labour government in power. Differences between countries' HR practises are not likely to arise in terms of which tasks to be tackled, only *how* they are tackled. Many factors can determine the different strategies, policies and practises which organisations can adopt to respond to their HR demands locally and abroad.

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New Zealand markets are small and for organisations to service only the domestic market may not be a source of long-term profitability. Therefore domestic (local) organisations may 'go international' if they believe that they have unique products or services and can regard international activity as a source of long-term growth. In some cases organisations internationalise when they are young or when domestic market conditions are poor and withdraw again when domestic conditions improve. They first invest in just one or a few neighbouring countries. HRM must keep up with their international knowledge and use their expertise to the benefit of the organisation during these international moves. With growth of the business, organisations enter new markets and eventually end up as a global organisation. Organisations may prefer to be 'globally connected' to the digital economy by using the web to become more proactive in strategies and business competition (Akoorie and Scott-Kennel, 2005).

The contribution of this article is to give the reader an overview and to identify possible solutions to problems that organisations can encounter in HRM regarding the issues of globalisation and internationalisation, mainly in the areas of pay and working conditions. The ever changing technologies, employment legislation, internationalisation and global pressure coupled with intense domestic competition, initiated fundamental changes in New Zealand organisations during the last decade. One can say that the emphasis moved from economising to adding value because stakeholders are demanding quality and cost effective products. Competitors on the other hand are globally demanding level playing fields across cultures. Where does HRM add value in domestic, international or globalised organisations and to what extend can HRM domestically and internationally influence current strategic planning, vision, mission and economic ideologies in New Zealand organisations?

More than ten years ago it was already said that: "Few business organisations today could claim to be unaffected by globalisation and pressures for competitiveness, and the trend has undoubtedly caused the management of HR to take on new strategic significance" (Lundy, 1994, p. 5). Therefore, there are many arguments raised for or against the success in international companies where they have to manage their HRM issues in a multinational organisational culture. New Zealand organisations are no longer constrained by geographical boundaries in the sharing of information and resources (Du Plessis, 2006). In the early 1990's Dicken (1992) argues that the economy is shifting from an international to a global one, with an increasing interconnectedness of all parts of the world. There are many different arguments regarding International HRM (IHRM) and globalisation that lead to threats on the one hand and on the other hand, opportunities for organisations. The traditional roles of managers and the role and responsibilities of HR managers are expected to change in the future according to Du Plessis (2007). As change agents and leaders HR practitioners will have to design and implement all the programmes and practices for these changes to stay globally and internationally competitive. This paper first discusses HR perspectives in New Zealand and internationally, the complexities involved in IHRM, globalisation and also focuses how IHRM differs from domestic HRM, more specifically discussing issues regarding standardising pay and conditions in a multinational based organisation and lastly management implications, conclusions and trends.

2. Human Resource Perspectives

2.1 HRM in New Zealand

Managers and employees have different roles in the organisation; therefore they have different rights and responsibilities. According to Du Plessis as cited in Nel, Werner, Haasbroek, Poisat, Sono and Schultz (2008) management has the exclusive right, amongst others, to determine the objectives of the organisation, product policies, plan and implementation of policies, provide financial and material resources, to determine work standards and to manage the organisation. They also refer to shared rights with employees such as recruiting and appointing of workers, assigning of jobs, wages, disciplining, downsizing and so forth. Managers are compelled to share information on issues affecting employees. It is imperative for HR to be present at planning and policymaking sessions because they will also be part of its implementation.

Woods is of the opinion that: "IHRM involves the recruitment, training and remuneration of staff in an organisation that operates in more than one country; the majority of work involves the management of staff in a variety of different cultural settings, decisions on the ideal mix of local expatriate staff and the pay and remuneration of those working in a foreign location" (2001, p.252). On the other hand, Watson defines HRM as: " A distinctive approach to employment management which seeks to achieve competitive advantage through the strategic employment of a highly committed and capable workforce, using an integrated array of cultural, structural and personnel techniques" (1997, p.15). It is clear that IHRM focuses on the outside influences, economic force, and culture differences. What about New Zealand's diverse workforce? Cultural diversity is a reality in New Zealand workplaces and it is the responsibility of line management to get the support of their employees, their understanding and participation according to Du Plessis, Beaver and Nel (2006). Managers who were educated in the Western tradition will implement "Western" HR practices in cultures, which have a different concept of people and a different regard for people in global organisations (Jackson 2002). He states further that incompatibilities will be manifested in lack of motivation and alienation, which will lead to low productivity and labour strife.
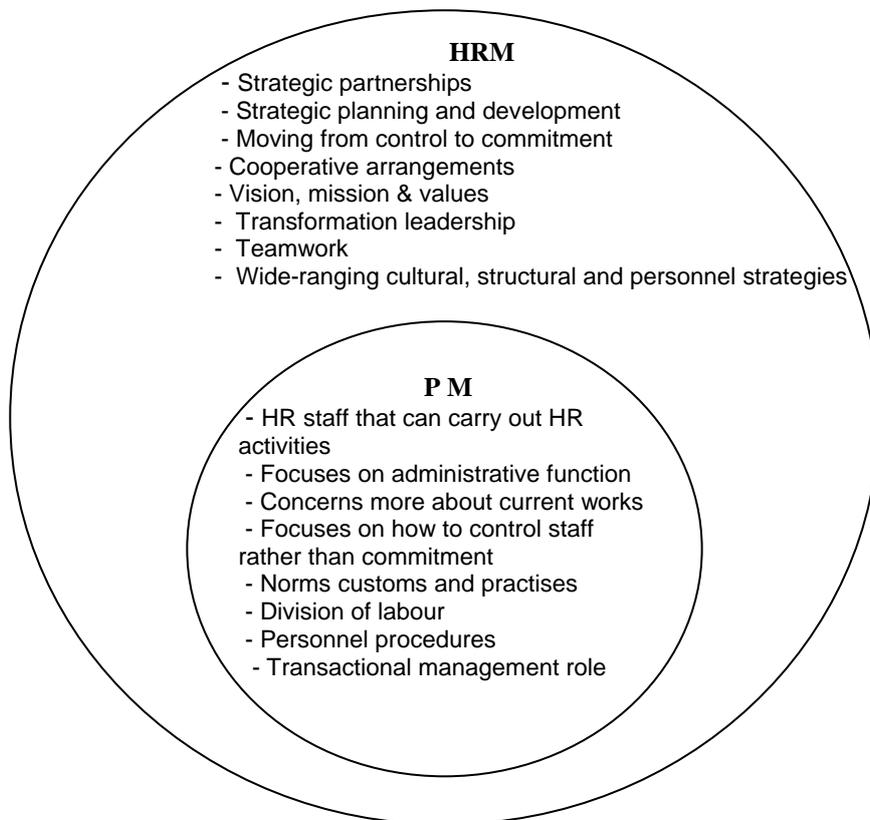
HR professionals have not been assertive enough to be present in the boardroom to guide HR programmes to achieve long-term impacts on such HR initiatives. This probably also points to a lack of adequate drive and communication to apply strategic human resources management (SHRM) fully (Kane, 2001; Glade, 2002; Birchfield, 2003; Du Plessis, 2007). Hunger and Wheelen (2007) are of the opinion that strategic management is the monitoring and evaluating of external opportunities and threats in the light of an organisation's strength and weaknesses in order to generate and implement a new strategic direction. The review of the preceding literature leads to the notion that the relationship between IHRM and SHRM is very close, and that one should not usurp or replace the other, but rather be knowledgeable and supportive of their respective roles. Ferris, Hochwater, Buckley, Harrer-Cook and Frink (1999) also point out that the strategic, international and political perspectives of HRM are pivotal areas, which the research and theory of HRM has developed over the last decade and which needs more research to deal effectively with it in future.

2.2 International HRM

There are many international companies in New Zealand such as Fontera (Statistics New Zealand, 2006). More than thirty years ago Kraus and Patrick stated: "Many large multinational companies effectively manage their marketing, their technology, and their financial resources on the international basis; most, however, have been less successful at managing their HR" (1974, p.2). To understand the differences between IHRM and HRM, we should look at the historical development path of HRM. A decade ago Tompkins defined Personnel Management (PM) as "to dump personnel management activities under the broad umbrella of 'administration', believing that functions such as personnel, accounting and scheduling are staff or administrative functions established to help the company to be successful" (1996, p.3). The development from PM to HRM is from a simple functionalised people management activity to become a strategic HR plan which gains a competitive advantage to add value to the organisation. PM lacks strategic relevance with mainly administrative type roles; HRM is not only a simple management activity but a consistent strategic planning progress, such as the strategic overview on the progress of employee selection, employee training and monitoring of the employment turnover rate.

Figure 1. Some of the similarities and differences between PM and HRM.

HRM
- Strategic partnerships
- Strategic planning and development
- Moving from control to commitment
- Cooperative arrangements
- Vision, mission & values
- Transformation leadership
- Teamwork
- Wide-ranging cultural, structural and personnel strategies

P M
- HR staff that can carry out HR activities
- Focuses on administrative function
- Concerns more about current works
- Focuses on how to control staff rather than commitment
- Norms customs and practises
- Division of labour
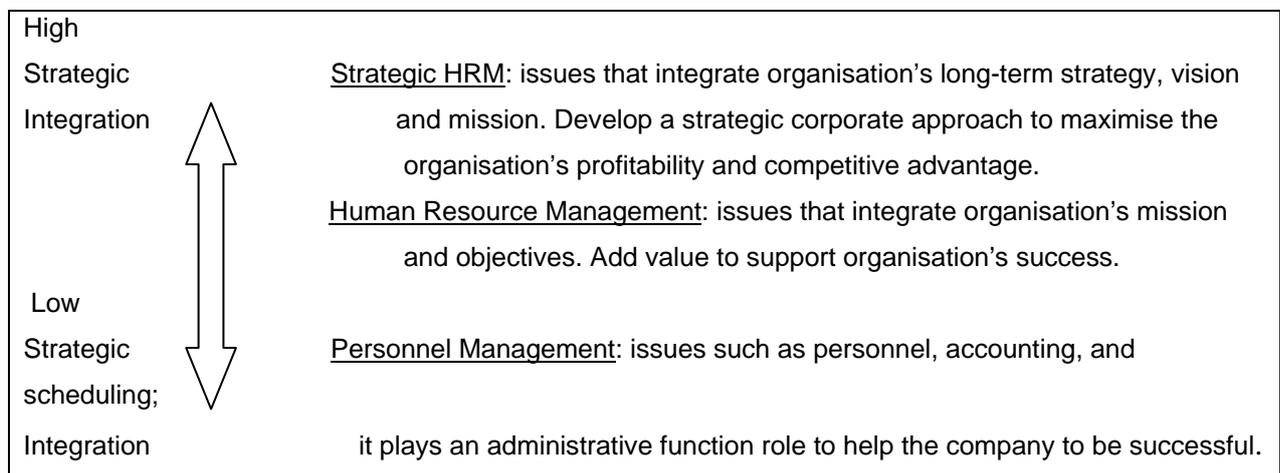- Personnel procedures
- Transactional management role

Source: Compiled by the authors from various sources

SHRM refers to "the development of a strategic corporate approach to workforce management; the basic premise of SHRM is that organisations incorporate HR considerations into strategic decision making, establish a corporate HR philosophy and develop personnel strategies and policies which complement business strategy and maximise HR utilisation" (Patrick, 1991, p.23). The future of HRM was well outlined sometime ago by Ulrich (1998, p124-135) where he claimed that the contribution of HR professionals to the organisation's objective achievement can be achieved in different ways. HR professionals should become a partner with senior and line managers in strategy execution, helping to move planning from the conference room to the marketplace. Furthermore HR professionals should become experts in the way work is organised and executed, delivering administrative efficiency to ensure that costs are reduced while quality is maintained. Therefore, SHRM is more concerned about corporate level's strategies, the influences from the external environment, such as economic forces, political forces, cultural forces and technological forces. Some of the key differences between PM, HRM and SHRM are outlined in Figure 2 below.

Figure 2. The key differences between PM, HRM and SHRM.

High
Strategic
Integration

Strategic HRM: issues that integrate organisation's long-term strategy, vision and mission. Develop a strategic corporate approach to maximise the organisation's profitability and competitive advantage.

Human Resource Management: issues that integrate organisation's mission and objectives. Add value to support organisation's success.

Low
Strategic
scheduling;
Integration

Personnel Management: issues such as personnel, accounting, and

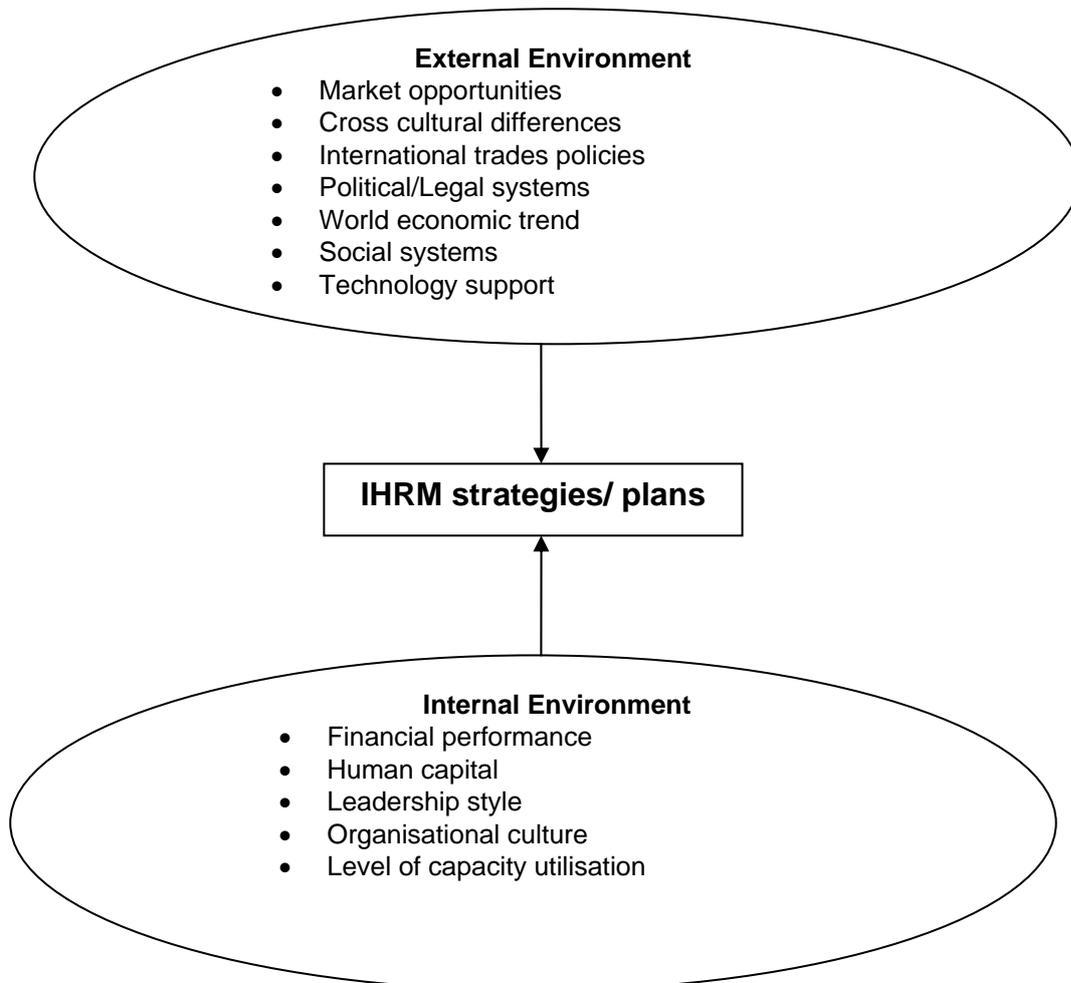it plays an administrative function role to help the company to be successful.

Source: Compiled by the authors from various sources.

IHRM practices in multinational companies appear to play an additional role to enable the organisation to deal with control and cross-cultural issues that are both internal and external to the organisation (Adler& Ghadar, 1989). Multinational companies have more challenges than domestic organisations due to geographic distances, cross-cultural differences, global competition, language differences and political differences. HR managers have to consider the environmental influences when they make strategic plans for a multinational based company. Woods (2001) argues that HRM and IHRM is not different because ultimately they still have the same aim which is the competitive advantage that guarantees the company's success, and they both face the influences from internal and external environments. HR managers in a multinational organisation need to take the different political environments and employment legislation into consideration in different countries; a good example is the recent protest marches that took place in France, earlier this year (MSN, 2006). The French government wanted to change their employment legislation which could have had an affect on the foreign company's operation in France. If a business only operates in New Zealand, the changing political

environment or legislation in France would not directly influence New Zealand's local businesses. Figure 3, below, summarises some possible external and internal environments that may have an impact on the IHRM strategy and plans

Figure 3: Internal and external environments for IHRM

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                    External Environment
                 •  Market opportunities
                 •  Cross cultural differences
                 •  International trades policies
                 •  Political/Legal systems
                 •  World economic trend
                 •  Social systems
                 •  Technology support

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                        ▼
            ┌───────────────────────────┐
            │   IHRM strategies/ plans   │
            └───────────────────────────┘
                        ▲
                        │

                    Internal Environment
                 •  Financial performance
                 •  Human capital
                 •  Leadership style
                 •  Organisational culture
                 •  Level of capacity utilisation
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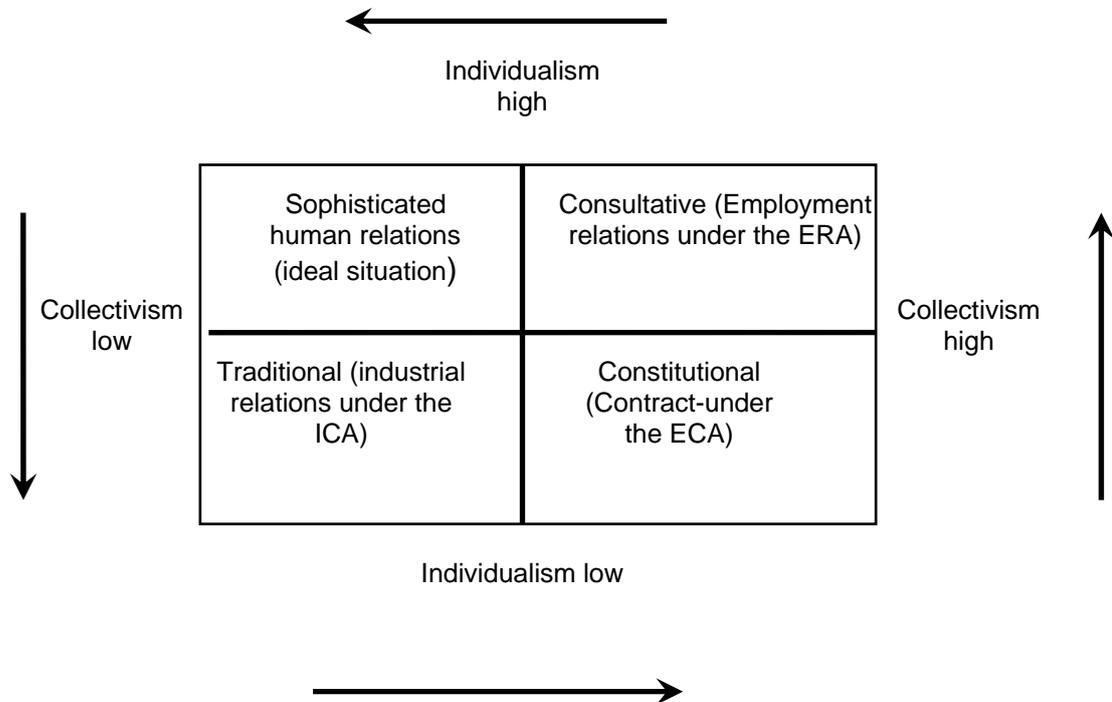
Source: Adopted from Woods, 2001

Employment Relations(ER) is an important aspect for both IHRM and HRM. It can be said that ER is the outcome of the evolution from traditional Industrial Relations (IR). The main difference between IR and ER can be justified by the different management styles of an organisation, such as individualism or collectivism. "Industrial Relations subsumed all aspects of work, included problems and issues affecting both employers and employees, dealt with the practices of both employer and worker organisations, and covered all employment relationships regardless of union status" (Kaufman, 2001,p.341). On the other hand, Rasmussen and Lamm define ER as: "concerned with all aspects of the employment relationship, both individual and

collective" (2002, p.5). Two decades ago Purcell and Gray (1986) suggested management approaches to ER that are still valid today (figure 4)

Figure 4: Management approaches to ER

	Individualism high →	
Collectivism low ↓	Sophisticated human relations (ideal situation)	Consultative (Employment relations under the ERA)	**Collectivism high** ↑
	Traditional (industrial relations under the ICA)	Constitutional (Contract-under the ECA)	
	Individualism low →	

Source: Adopted from Purcell& Gray, 1986.

ER and legislation, job and work design, training and development, and rewards/compensation are some of the main responsibilities of an organisation's HRM department. Edwards and Kuruvilla argue: "A different type of pressure for uniform HR practices globally arises from the legacy of the firm's embeddedness in its original national base" (2005, p.2). IHRM should consider both the company's country of origin and foreign subsidiaries in approaching them in various strategies. Some countries' employment legislation protects the employees and some protect the employers. Shaw and Darroch (2004) identified some barriers in international markets such as the lack of experience and knowledge, cultural differences and limited financial resources. Therefore, HRM departments should carry out different approaches and rules in different political contexts.

IHRM, in doing the job descriptions and work design for the foreign subsidiaries, needs to consider where they would get the right people for those specific positions. They can recruit and employ people from the company's country of origin that have suitable knowledge, skills and experience; however, it may cause some complexity in the rewards and compensation system. People recruited in the foreign country do not work under the parent organisation's culture and usually do not understand the

parent organisation's vision, mission, goals and objectives according to Wilkinson, Gamble, Humphrey, Morris and Anthony (2001).

An International HR manager should understand the degree of 'soft' or 'hard' HRM inside its business both in the country of origin and foreign subsidiaries. If the company is highly people focused and encourages employee's participation, then the company's employment policy is likely to be a 'soft' HRM. By understanding the differences, they can apply the kind of HR policy to use in different countries. It is generally accepted that the "hard" approach broadly represents alignment with strategic HRM and is, amongst others, more contingent upon cost minimisation and being part of the top management team, instead of a more significant investment in HR. (Schuler, 1992; Purcell, 1995; Ulrich 1998; Truss et al., 1997; Burton, 2003; Schuler and Jackson, 2005). Patrick's (1991) view is: "Soft HRM is characterised by a resource perspective of employees and is characterised by an egalitarian culture, organic organisation structures, broadly defined jobs, merit-based pay, gain-sharing and direct communications with employees; 'Hard' HRM is a personnel policy choice that should be guided by business strategy, and the approach should vary for different categories of employees according to tight procedures" (p.22). The "soft" approach has been the focus of analysis and research for a number of years (Beer *et al.*, 1984; Storey, 1992; Legge, 1995; Roehling et al., 2000; Fitz-enz, 2000; Kane, 2001; Browning and Edgar, 2004).

Different countries have a different individualism degree which directly affects their HR policies. If a New Zealand established company open a foreign subsidiary in Japan, then it will be difficult for them to perform 'soft' HRM in Japan. Nam (1995) argues that Japanese employees are used to work under a 'hard' HRM environment. Figure 5 below sum up the relationship between pluralism, unitarism, 'soft' HRM, and 'hard' HRM, and specifies some countries' individualism scales.

Figure 5. Comparison of pluralism, unitarism, 'soft' HRM, and 'hard' HRM
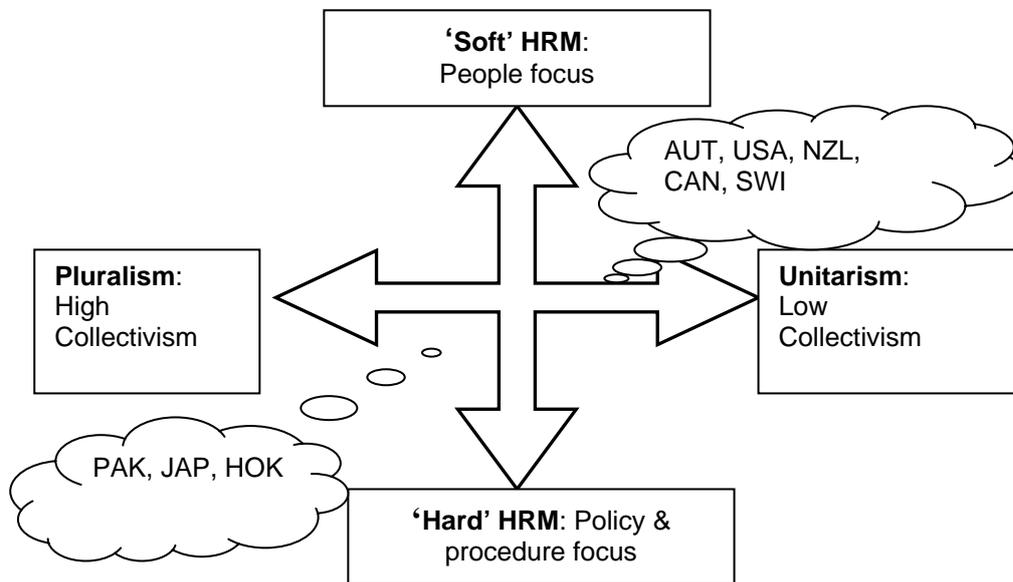
AUT: Austria   USA: United States   NZL: New Zealand

CAN: Canada   SWI: Switzerland   PAK: Pakistan

Source: Hofstede, 1980

3. Ihrm And Domestic Hrm From Another Perspective
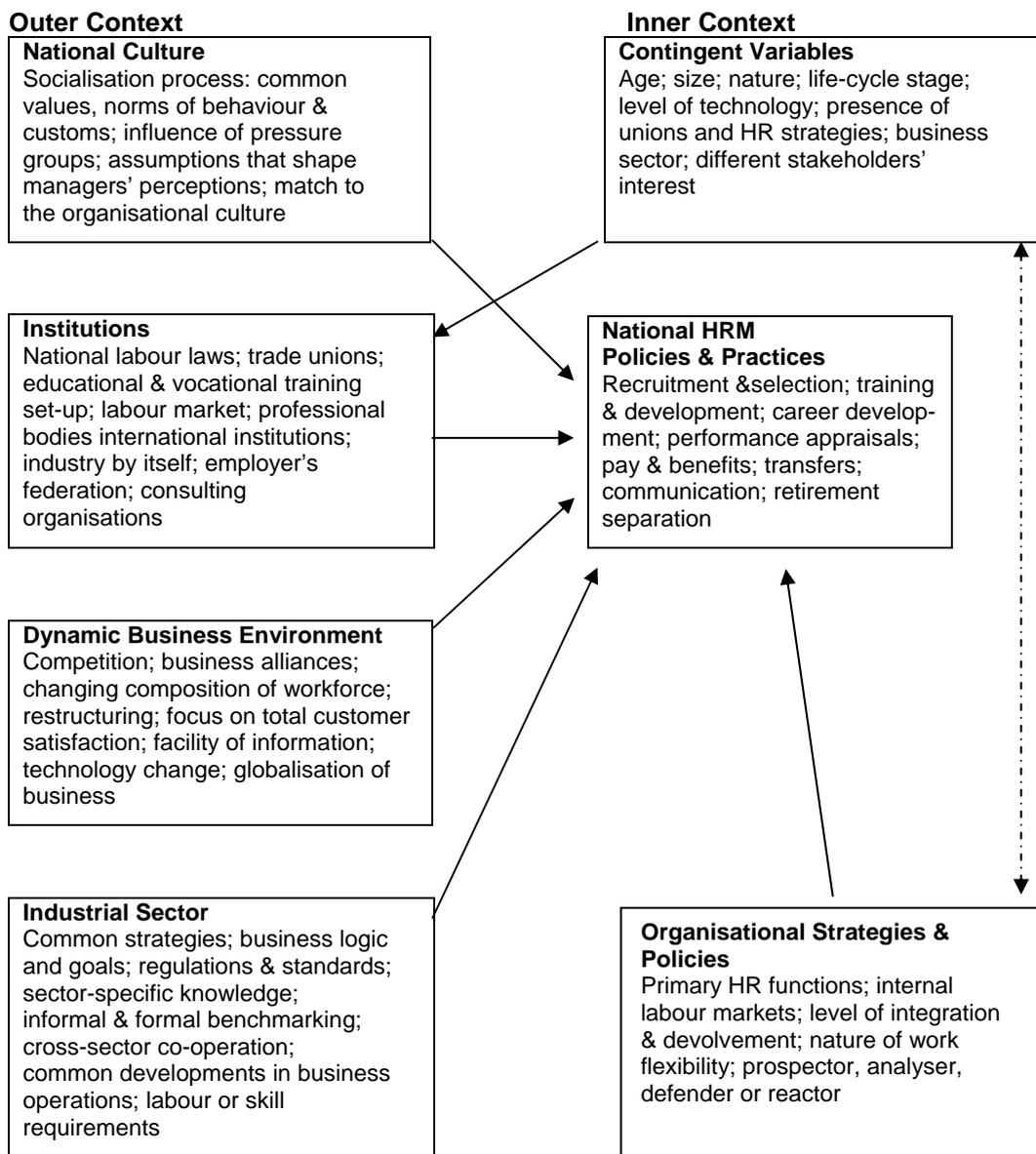
3.1 Similarities And Differences

IHRM has many similarities with domestic HRM, but there are several important differences. Even though IHRM has the same functions as domestic HRM, there are numerous additional functions, and involves broader perspectives. With an increasing focus on globalisation, many companies have to compete on a worldwide basis. As a result, HRM in the international context requires developing an understanding of the issues facing multinational enterprises (Briscoe and Schuler, 2004). Therefore, an IHR manager needs to consider more functions and activities than the one that is domestic based.

While internationalisation has brought strategic opportunities to domestic and international organisations in New Zealand, concerns have been raised over the ecological and ideological sustainability of a continued pursuit of Western consumer capitalist business practises. Akoorie and Scott-Kennel (2005) refer to these concerns that relate to the world's natural resources such as oil, fresh water, forests etc. Organisations are, according to them, being called to account to provide

solutions to these problems. Proactive responses are required by management and HR is directly involved in this. Despite differing political views, cultural differences and value systems, there is a shift towards the adoption of Western business practises and consumer behaviour. The most common is the use of the English language in IHRM and international business. IHRM consists of the same main dimensions as domestic HRM, but there is more complexity in strategically coordinating the different organisational units across national barriers. It is important to take not that Internationalisation is different from Globalisation in that Internationalisation is a spatially delimiting process. The model in figure 6, below, can help organisations to determine what factors influence domestic HRM and IHRM policies and practices when they operate in a multinational organisation. This model could be applicable to New Zealand organisations as is.

**Figure 6: Factors influencing domestic HRM and IHRM policies and practices**

Outer Context

Inner Context

National Culture
Socialisation process: common values, norms of behaviour & customs; influence of pressure groups; assumptions that shape managers' perceptions; match to the organisational culture

Contingent Variables
Age; size; nature; life-cycle stage; level of technology; presence of unions and HR strategies; business sector; different stakeholders' interest

Institutions
National labour laws; trade unions; educational & vocational training set-up; labour market; professional bodies international institutions; industry by itself; employer's federation; consulting organisations

National HRM Policies & Practices
Recruitment &selection; training & development; career develop-ment; performance appraisals; pay & benefits; transfers; communication; retirement separation

Dynamic Business Environment
Competition; business alliances; changing composition of workforce; restructuring; focus on total customer satisfaction; facility of information; technology change; globalisation of business

Industrial Sector
Common strategies; business logic and goals; regulations & standards; sector-specific knowledge; informal & formal benchmarking; cross-sector co-operation; common developments in business operations; labour or skill requirements

Organisational Strategies & Policies
Primary HR functions; internal labour markets; level of integration & devolvement; nature of work flexibility; prospector, analyser, defender or reactor

Source: Adopted from various sources and compiled by the authors

3.2 The Complexities Involved

The function of HRM is viewed as a basic component of the company's overall corporate or business strategy. Therefore, HRM constitutes a major constraint when multinational companies (MNC's) try to implement global strategies. This is mainly because of the complexities of operating in different countries involved, as well as due to the employment of people with diverse national backgrounds. Therefore, the complexities of operating in different countries and employing diverse people are a key variable that can differentiate international and domestic HRM, rather than any other major differences between them. Dowling (1999) defines some variables (see figure 7) that moderate differences between domestic HRM and IHRM, which include cultural environment, the industry with which the multi-national organisation is primarily involved, the extent of reliance of the multinational on its home country or domestic market, and the attitudes of senior management.

Figure 7: Variables that moderate differences between domestic HRM and IHRM
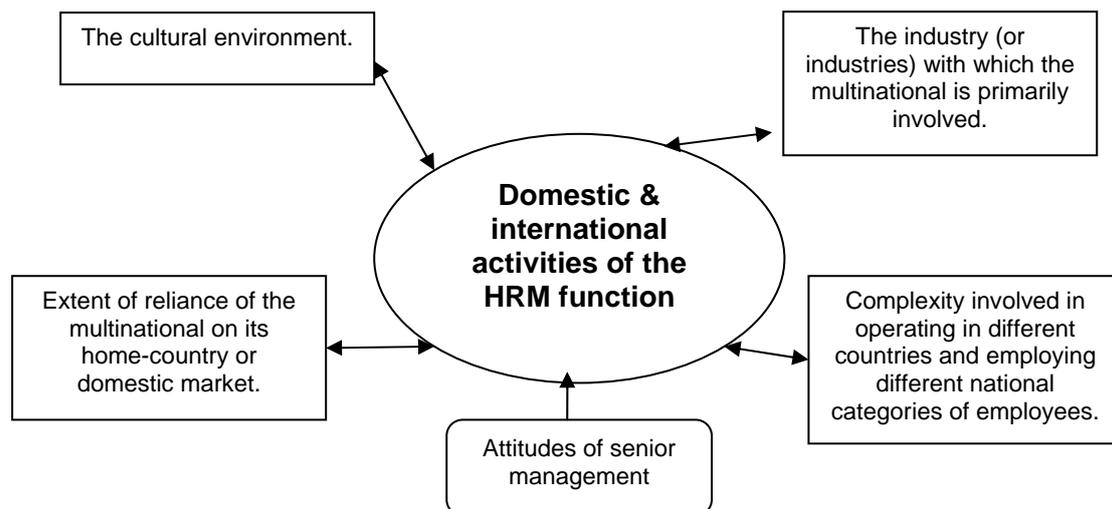
Source: Dowling, 1999.

3.3 The Cultural Environment

Culture shock can lead to negative feelings about the host country and its people and a longing to return home. There will be culture differences in language, food, or amenity. These differences may be enjoyed for a short period of time but it may become difficult and the person may experience culture shock. People from different backgrounds have different attitudes, behaviours, and beliefs (such as "my way is the best") which often cause international business failure. HR activities such as hiring, firing and rewarding will be determined by the policies and practices of the host country and also need to be based on their culture (Tung, 1993). Working in a new cultural environment can have problems for both expatriate and local employees.

3.4 Attitudes Of Senior Management To International Operations

This is one of the important variables to moderate differences between domestic HRM and IHRM. It is likely that if senior management does not have a powerful international orientation, the importance of international operations may be underemphasised or even ignored in terms of corporate goals and objectives (Barlett and Ghoshal, 1992). In this situation, HR managers tend to focus on their domestic issues and minimise those differences between domestic and international environment. They may assume that HRM practices can be transferred from domestic to international basis. This failure to recognise differences in managing HR in a foreign environment can result in major complexities in international operations. Failure may be because of ethnocentrism or lack of international perspectives. Therefore, the challenge for the HR manager is to think globally and to implement HR policies and practices that can facilitate the development of globally orientated staff. Dessler et al (2004) are of the opinion that IHR management involves very direct contact with the values, attitudes and beliefs of the organisation's overseas workers and must therefore be ultra sensitive. It is further important to share the employee's cultural background and to be sensitive to the needs and expectations in the workplace, to manage such an organisation successfully.

3.5 Globalisation

Crafts argues that "globalisation can be thought of as a process of integration of goods and capital markets across the world in which barriers to international trade and foreign investment are reduced" (2004, p.45). Globalisation is therefore a social development and stands in a complex relationship to internationalisation; one has an impact on the other. He is further of the opinion that "globalisation can be a result either of technological developments that reduce transport costs, improve information flows etc. or of policy changes that reduce protectionism, liberalise foreign investment rules and make migration easier". According to Kamo's (2000) report, Tokyo had grown to become one of the world's greatest urban economies, and had already become significantly internationalised by the beginning of the 1980's. The important success factor for Tokyo was a globalised strategy and globalisation trend. Many manufacturers in Japan were only cheap factories, but they realised the opportunities of globalisation, they joined the international trading agreements and assumed the whole world as one target market to develop their high valued products. The success of Japan's case shows the power of globalisation. Bateman and Snell (2004) state that universal needs create strong pressure for a global strategy when the tastes and preferences of consumers in different countries with regard to a product are similar. According to the World Trade Organisation (2006) (WTO), their rules apply to over 90 percent of international trades and they help businesses from 184 countries to reduce tariffs and eliminate non-tariff barriers when they do international trading. New Zealand is a WTO member and is part of the global market.

Figure 8. Organisational Models

		Low	High
Pressures for global integration	**High**	**Global** Views the world as a single market. Operations are controlled centrally from the corporate office.	**Transnational** Specialised facilities permit local responsiveness. Complex coordination mechanisms provide global integration.
	Low	**International** Uses existing capabilities to expand into foreign markets.	**Multinational** Several subsidiaries operating as stand-alone business units in multiple countries.

Pressures for local responsiveness

Source: Bartlett & Ghoshal, 2000.

Figure 8 above, has four main options of how to expand businesses into the global market. Global, transnational, international and multinational are different strategic options for different businesses: the differences between them are mainly about how they operate their business globally. Different cultures have a significant relationship with HRM policies and practices according to (Hofstede, 1993; Wilkins and Ouchi, 1983). However, Doz and Prahalad (1986) state that many firms do not believe in saying: "When in Rome, do as the Romans do," and think that local employees should forget about their culture and adjust to the culture of the parent company. The success of Japanese companies, by using a global strategy is also pointed out by them. Various authors (Hofstede, 1991; Trompenaars, 1993; Laurent, 1986; Newman & Nollen, 1996) suggested that companies in different countries differ with respect to their HR practices and policies due to their culture.

3.6 Standardising Pay And Conditions

Rewards and employment conditions vary globally, generally depending on the local market (New Zealand in this case). In a multinational company, it is essential to determine the internal and external environmental factors of the host country. IHRM has a crucial role in designing global compensation and remuneration systems for their company, as one of the most important functions. In developing an international system of compensation and benefits, an organisation has two primary concerns; firstly comparability, according to Francesco and Gold (1998). They argued that the compensation system assigns salaries to employees that are internally comparable and competitive within the marketplace. The second major concern is cost, and payroll is one of the largest. Treven (2000) is of the opinion that compensation and

benefits are closely connected with local labour market conditions. The availability of the use of expatriates and qualified local people to fill the position, prevailing wage rate, and local legislation influences the level of payments and remuneration. Ding, Fields and Akhtar (1997) argue that IHRM should use different approaches for different countries in reward and compensation systems. New Zealand, therefore, will have to work out systems applicable for their local organisations, doing business internationally or globally, for the issues of standardising of pay and conditions.

4. Management Implications, Conclusions And Trends

4.1 Management Implications

It is not just the role and responsibilities of HR managers that will change in the future but also the traditional roles of managers. They will have to be the change agents and leaders with the implementation of all the programmes and practices for these changes during internationalisation. With the political sensitivity and correctness in New Zealand presently, managers will have to be sensitive in communicating and negotiating changes with employees. Unionised organisations will have to convince trade unions that the changes such as globalisation will be for the best of their members, to avoid labour unrest and demoralised union members. They will also have to keep all other stakeholders informed as business partners and ensure to promote their external relationships to have a positive workforce. A major challenge for managers in the future will be coordinating work efforts of diverse organisational members in accomplishing the organisational goals. New Zealand businesses employ thousands of foreign citizens and it becomes a very difficult task for any manager to accommodate all cultures. The future HR manager, therefore, will have to be ultra sensitive to each and every culture, also in foreign countries. A new kind of HR manager as well as a business manager and employee can be expected in successful international and global organisations. Managers will have to learn new skills and, amongst others, to become competent leaders who will have the capacity to lead their team to outgrow their rivals domestically, internationally and globally.

4.2 Conclusions

HRM plays an important role in a company to survive in the internationalised and globalised world. HR managers have to sort out problems with globalisation and internationalisation due to different cultures, different policies or procedures, language and legislation. Competition in New Zealand and small domestic markets force more organisations to expand their businesses to foreign countries i.e. to internationalise and to become part of the global market resulting in HR issues such as standardised pay, rewards etc. The discussion in this paper had critical arguments regarding what could be best practice for IHRM. It was further highlighted how globalisation reduced some barriers of international trade and foreign investment. It referred very briefly to the WTO. Four strategic options discussed in the paper suggested possible ways for NZ organisations to develop and become competitive in the global market. It was discussed how IHRM works in the globalised world. The culture differences, business environment differences, and different consumer preferences all show the complexity of IHRM which is more complex than domestic-

based HRM. The relationship was discussed between pluralism, individualism, and unitarism, 'soft' HRM, 'hard' HRM and especially for IHRM that needs to deal with HR issues multi-nationally. The political, legislation, language and culture differences between different countries are difficult issues for HR managers to manage.

4.3 Trends

Some strong players in the market conjoin more competitors' competitive advantage to ensure the leader position in the market. There is a definite trend towards internationalisation and globalisation. Most organisations have to find themselves a competitive advantage in order to survive. The trend of IHRM in globalisation is a higher level of strategic integration. IHRM is not only simply playing the role of personnel management functions, but the trend is to become part of the corporate level strategy of the organisation to enhance their productivity and performance. With the development of globalisation, many organisations will be able to get cheaper material and better technology support from the global market. The development might result in stronger competition in the global market and force the organisation to find their unique feature compared to others.

The climate of global terrorism is another trend that's fast becoming reality. It's an absolutist rejection of Western cultural ideals and a deep conservatism and belief in martyrdom for their cause. HR managers of international and multi-national companies have to recognise the cultural, societal and organisational differences that exist. According to Akoorie and Scott-Kennel (2005) holistic strategy approaches for the future may need to encompass the dynamic and responsive changes over time and changes over countries. The political climate in foreign countries is becoming more and more important for organisations to consider before they internationalise or go global.

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