CHAPTER IV
INTEGRATIVE FRAMEWORK MODEL FOR HRM IN MNC

1.0 : Introduction

In this chapter, the researcher gives a brief introduction to conceptual modeling and its importance to study “Impact of External Environment on Personnel Management, a Special Study with Reference to HRM Function in MNC.

The importance of theory in research cannot be underestimated. In addition, research requires a sound theoretical basis and strong methodology. Wacker\(^1\) provided three reasons why theory is important for research:

(a) It provides a framework for analysis.

(b) It provides an efficient method for field development.

(c) It provides a clear explanation for the pragmatic world.

There is no academic study or research that can be undertaken without a theory. Most scholars agree that “theory is the currency of scholarly research” says Corley and Gioia\(^2\). A theory provides a framework for analysis and facilitates the efficient development of academic field and is needed for the applicability to practical real world problems. Theory propels all the ideas that fuel research and practice. Apart from social sciences, theory has a practical and revealing connection in chemistry, physics, medicine, biology, management and other life sciences because it gives rise to useful practice, discovery, explanations and predictions as discussed

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by Vogel\textsuperscript{3} building upon, and adding to a lexicon of facts”. The primary issue of concern in the definition of research is that it must be used to collect and analyze new information or data that will enhance the body of knowledge as said by Ellis and Levy\textsuperscript{4}. Theory is statement of a hypothesized relationship between and among variables involving a series of interrelated constructs, abstractions, concepts, variables, definition, and propositions that have been hypothesized or assumed with a systematic view of phenomena, for the purpose of explaining and predicting the phenomena. Development of conceptual models is first step in developing more detailed quantitative models. Interactive development of conceptual models can be used very effectively, as an interactive engagement learning environment and validation of conceptual models to help them understand different physical processes is a worthwhile learning objective. The development of conceptual models can help introduce to the terminology and to a conceptual understanding of systems thinking and modeling. For example, positive and negative feedback loops can be qualitatively discussed and identified with causal loop diagrams. The development and use of causal loop diagrams help research shift from linear thought processes to systems thinking. Conceptual Model\textsuperscript{5}: A diagram of proposed causal linkages among a set of concepts believed to be related to a particular research problem. Often, integration of theories from multiple disciplines and presentation of multi-level causality like individual, group, society, environment, personal, economic, infrastructural, political.


2.0: Knowledge Management System – Adaptive System

Knowledge Management is the management of Corporate that can improve a range of organizational performance characteristics by enabling a enterprises to be more intelligent. It is not a new movement said Wajidi\(^6\), as organizations has being trying to harness internal process and resources that has resulted in various movements over the years as Total Quality Management, expert systems, business process re-engineering, the learning organization, core competencies and strategy focus. In well reputed organizations like a Multinational Company, when people are hired, the managers utilize the skills and knowledge of these people to manipulate the effective functioning of organizations. In his thesis “Re-conceptualization Knowledge Management “Jean Baptiste\(^7\) has reconstituted knowledge management the use of concepts drawn from Complexity theory. The re-conceptualization will help academicians and practitioners to approach Knowledge Management from a holistic


\(^7\) Jean Baptiste. F.L. Thesis work “Re-conceptualization Knowledge Management: Knowledge, Social energy and Emergent Leadership in Social Complex adaptive system” University of Otago, Dundedin, New Zealand, 2010, p25,
angle allowing for a better understanding the key issues and possible ways of addressing them for the future. Thus it has laid a foundation for an integrated theory of Knowledge Management. Hence, defines Knowledge Management is a management discipline that seeks to enhance organizational knowledge processing. Furthermore knowledge management process is defined as an ongoing persistent, purpose full interaction among human based agents through which the participating agents manage and handle direct, govern, control, co-ordinate, plan, organize, facilitating, enable and empower other agents, components and activities participating in basic knowledge processing, production and processing, with the purpose of contributing to the creation of an organic, unified whole system, producing, maintaining, enhancing, acquiring and transmitting the enterprises knowledge base. In conclusion “LIFE Model” Leadership invigorating flow of energies, provides a useful representation of the mechanisms underlying the Knowledge Processing Systems in Organizations. Recognizing organization as Social Complex Adaptive System and provision of integrative systems model opens path for a multitude of new research in Entrepreneurship, organizational learning, intellectual and social capital, HRM concept and Organizational studies. Most of all it offers a base for Organizational Knowledge Base and Integrated Theory of Knowledge Management. HRM and Knowledge Management are key imperatives to business sustainability. Hence in the present knowledge based economy people are regarded as the most important asset and HRM are widely acknowledged in the literature, as significant of Human aspects such as, providing Training and compensation plans from the perspective of Total Quality Management. TQM makes mention of that both knowledge and Human resources as being looked upon as the main force in multifaceted business environment. People are ultimate
"Knowledge Inventors and owners, whereby to manage knowledge, is to manage people and to manage people is to manage knowledge".

3.0: Significance of Model study

Model study facilitates a frame work for applied thoughts and validates and verifies any assumptions or validates, data collected from field study. The Model diagram shown below is one of the models most appropriate to the cited for this study - "Impact of External Environments Factors on Personnel Management - A Special Study with Reference to MNC". Benefits that are mapped fit into the conceptual model, are discussed below and developed for this research

Enhancing knowledge transfer in MNCs

Figure 4.2: Dynamic capabilities driven model of Paul N. Goodeham.
Paul N. Goodeham\textsuperscript{8} has explained in his book, "Enhancing Knowledge Transfer in Multinational Corporations: A dynamic capabilities driven model", that, while the possession of knowledge based assets endows a firm with the potential to benefit following internationalization, a distinct ability to transfer knowledge efficiently is also required. The application of social capital theory has contributed important insights into the processes underlying knowledge transfer within an MNC. However, from a practitioner's stand point, this perspective needs to be supplemented in two ways. First, there is a need to take into account the influence of the external environment and second, a need to incorporate the role of dynamic capabilities, in the form of management-initiated practices, which can enhance levels of social capital. The latter include transmission channels, socialization mechanisms and motivational mechanisms. It is these mechanisms that represent the key modifiable elements in facilitating knowledge flows. Through a conceptual model, this thesis seeks to enhance the study of intra MNC knowledge transfers that embraces modifiable practices with a conceptual model for the study of intra MNC knowledge transfers that embraces the various facets of social capital, the influence of the external environment and modifiable practices. Thus, the research gap is explained by the multinational firm phenomenon as a firm boundary question. Firms acquire multinational status with presence in multiple locations, where they make every effort to internalize the markets for the knowledge assets they have created. Internalization on a global scale is crucial as long as the cost it involves is less than that of using the market. It may be recalled that earlier, the market for knowledge

based assets was flawed with companies having the better and relatively less expensive option of taking recourse to internalization. More recently, it has been proposed that rather than focusing on the causes of and consequences of market failure, greater emphasis should be given to the advantages firms have over markets: as a social community, they can develop particular capabilities that enable them to share knowledge in a way that is superior to that of the market. However, capabilities of MNC for knowledge transfer vary; this is of particular significance because a growing body of research argues that organizations with such capabilities are more productive than those lacking them. Thus, it is important to consider those practices or mechanisms that reduce the difficulties in transferring knowledge from one unit of an MNC to another. For successful knowledge transfer to occur there must be significant internal coordination in the sense of organizational capabilities that are consistent over time and that promote linkages across units. These dynamic capabilities consist of specific strategic and organizational commitments to particular practices and processes that enable the MNC to achieve new resource configurations. The focus of this thesis, thus, is on those management initiated practices or dynamic capabilities that promote sufficient degrees of social capital for knowledge transfer within the MNC, while taking into account the influence of the external environment. The primary aim of the study is to develop a comprehensive conceptual model for comprehending variations in the ability of MNC to achieve high levels of knowledge transfer. Hence, this study rather than focusing on bilateral exchanges between parent and majority-owned subsidiaries will be confined to the social factor and other key external factors, namely, social, technology, economical, ecological, ethical, spiritual, political and legal.
3.1: The Need for an MNC Knowledge Transfer Model

Although firms that possess distinctive technologies are particularly likely to enter foreign markets, it should not be assumed that knowledge transfer within the MNC is free of problems. Efficiency is the key to achieving competitive advantage without which knowledge transfer is costly and time consuming, thereby undermining subsidiary performance. Also, within MNC, while there is a focus on the transfer of knowledge that is difficult to understand and codify, the actual mechanisms that enable such knowledge transfers as well as the barriers to successful transfers are not specified. Hence there is a need to specify the mechanisms that promote knowledge transfer, which, in turn, would have constructive implications for practitioners while creating solid ground for empirical research in the area. While discussion of the transaction cost of using a firm as an internal market for knowledge based capabilities led MNC to examine the costs in managing an internal market across borders, there is no indication that they appreciated the complexities associated with the transfer of knowledge across borders. Thus currently, it is observed “notwithstanding the criticality of internal knowledge transfers within MNC, very little systematic empirical investigation into the determinants of intra MNC knowledge transfers has so far been attempted”. Coupled with this is, a absence of an adequate understanding of many of the causal mechanisms and contextual factors that mediate between knowledge processes, administrative and other organizational arrangements. While taking into account the impact of contextual factors on intra MNC knowledge transfer such as cultural distance, the Model we develop is rooted in the concept of social capital as developed by Nahapiet and Ghoshal. Social capital comprises those assets that reside in networks of relationships that affect the

conditions necessary for knowledge transfer to occur in those networks. However, the New Model significantly extends Nahapiet and Ghoshal's model by specifying those practices that can be developed by MNC managers in order to promote social capital and thereby knowledge transfer. Currently, MNC managers have little guidance as to how they can orchestrate knowledge processes. Thus while pursuing our primary aim of developing a “Comprehensive model of knowledge transfer in MNC”, the research aim would be to provide specific suggestions as to which mechanisms or practices ought to be attended to by MNC managers concerned with intra-MNC knowledge transfer. Prior to developing the model, we depict the MNC as increasingly constituting a knowledge network. Thereafter we delineate the concept of knowledge transfer with particular reference to MNC and in so doing indicate the locus of our conceptual model. Thereafter we develop the conceptual Model.

3.2: The MNC as a Knowledge Network

The concept of MNC refers to firms that have substantial direct investment in foreign countries that they actively manage. Thus, firms which simply export from their home base or that have foreign investments that are not strategically integrated do not fall within the scope of this thesis. Although it acknowledges, the significance of entry modes such as international joint ventures and strategic alliances, these too will be deemed as being beyond the limit of our conceptual model. In practice this means we are focusing on firms with wholly owned, or majority owned “geographically dispersed subsidiaries that are combinations of heterogeneous technological competencies and product-market responsibilities”.

3.3: The Eclectic Approach to Foreign Direct Investment or The OLI theory

The central idea of this approach is that, three conditions must hold for a firm to
become an MNC: ownership, location and internalization. Ownership advantages may be the possession of a patent or management abilities that other companies do not have, and imply that owning these assets can earn stunning profits in several markets. Localization advantages are to a large extent the same as decentralization advantages. That is there must be reasons why geographically separated production within the same firm is preferred to centralized production. The fundamental trade-off is between economies of scale on the plant level and potential decentralization advantages such as lower factor costs, transport costs or trade barriers. Finally, the firm needs to prefer internalizing the relationship with the producer in the local market over, say, licensing production to a local firm. This could be due, for example, to difficulties in writing a licensing contract that gives the parent firm sufficient protection. However, as Dunning\textsuperscript{10} himself indicated, by the 1990, OLI needed to be supplemented because, increasingly, firms are investing abroad to protect or augment their core competencies. In such cases, they are 'buying into' foreign created assets notably like technological capacity, information, human creativity and markets, some of which are proprietary to particular foreign firms. Hence the pronounced trend towards acquisition of foreign firms, rather than green field investment and others are more generally accessible to corporations, but immobile across geographical space. "In other words MNC are no longer centers of developing products which, in course of time, are transferred to foreign subsidiaries. They are increasingly seeking to optimize their global innovative capabilities by incorporating subsidiary specific advantages in different countries, sometimes engaging in major research at the subsidiary level. Thus, one can increasingly

discern subsidiaries that not only have the capability to adapt products, but which also have the resources to enhance them or even the capability to develop new products. In the latter case, the subsidiary turns out to be the center of excellence within the firm for particular products and technologies. Consequently, the competitive advantage of the MNC cannot be analyzed solely in terms of its home country. The implication is that for many MNC, knowledge transfer is not necessarily unidirectional, from corporate Head Quarters to subsidiaries, but bidirectional, or even multi-directional. It is believed to be increasingly taking place between 'knowledge-rich equals'. This notion of the MNC as a knowledge network has given rise to concepts such as 'heterarchy' and 'transnational' as against the traditional 'multi-domestic' or 'global' MNC. As transfer increasingly occurs between 'knowledge-rich equals', the issue of the absorptive capacity of the recipient unit is less critical than in previous decades, during which there were wide disparities between parent firms and their subsidiaries. If recipients are armed with a high level of related knowledge, it now means that MNC must look beyond absorptive capacity to those factors that encourage and enable cooperative behavior between MNC units.

3.4: The Concept of Knowledge Transfer:
The concept of knowledge transfer gives rise to two distinct types of knowledge: (1) Explicit knowledge or information which is articulable. (2) Tacit knowledge, also termed as practical skills or expertise gained through experience.

Source: Knowledge Management Society, Annual Issue.
Figure- 4.3 : Knowledge Management System Model.
Interestingly, the use of the terms 'know-what' for explicit knowledge and 'know-how' for tacit knowledge has elaborated this distinction by viewing 'know-how' as 'procedural' types of knowledge including: (i) marketing know-how (ii) distribution know-how (iii) packaging-design technology (iv) product designs (v) process designs (vi) purchasing designs, and (vii) management systems and procedures. These contrast with 'declarative' types of knowledge such as monthly financial data.

The focus of this paper is effectively on the 'know-how' types of knowledge. As for the concept of transfer of knowledge, it will be used to refer to the accumulation or assimilation of new knowledge in the receiving unit. However, we would also specify that, the key element in knowledge transfer is not the underlying knowledge, but rather the extent to which the receiver acquires potentially useful knowledge and utilizes this knowledge in its own operations. In other words, for transfer to have taken place, some change in knowledge or performance in the recipient unit must be involved. Theorization on the determinants of knowledge transfer in MNC has focused both on the MNC, external environment and on its internal environment. In terms of the latter, building on existing knowledge-based theories of the firm, Nahapiet and Ghoshal argue that social capital theory provides a sound basis for identifying the capabilities organizations can develop for the sharing of knowledge. Social capital, they contend, increases the efficiency of knowledge transfer because it encourages cooperative behavior. They propose that differences between firms in terms of knowledge transfer may represent differences in their ability to create and exploit social capital. They distinguish three dimensions of social capital: the relational, the cognitive and the structural.
3.5: The External Environment of the MNC:

In terms of the external environment, a distance framework distinguishes various dimensions that impact the formation of inter-unit MNC social capital including geographic distance, cultural distance and economic distance. This study referred indeed confirms that large spatial distance reduces the tendency for facilitation of competence transfers even when the transfer and the receiver have related competencies. A dynamic capabilities driven conceptual model of the determinants of knowledge transfer in MNC proposes that successful leveraging of 'know-how' through its transfer across MNC is directly dependent on the development of the relational dimension of social capital characterized not least by trust between units. The Model further proposes that this relational dimension of social capital is in part a product of the degree of structural social capital and cognitive social capital that have been developed. In the main, this is congruent with the work of Nahapiet and Ghoshal. In conclusion, this model does not take into account the impact of other external environment factors in relation to the formation of structural and cognitive social capital internal factors, what is described as a personnel functions subset in HRM. Hence a more comprehensive integrated model is required for meeting the challenges of MNC which operate in multifaceted environments.


A discussion in the area of cross-national human resource management suggests that both “Culture-Bound” and “culture-free” factors and variables are important.

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determinants of HRM policies and practices. HRM is presented as being contest-specific and it is argued that with the growth of new markets world-wide, and increased levels of competition and globalization of business, there is a strong need for more cross-national HRM studies. It delineates the main distinctive facets associated with natural factors, contingent variables and organizational and Human Resources strategies and policies, which may be used to evaluate cross-functional comparative HRM policies and practices. Moreover, the increased level of globalization and internationalization of business, Pawan S. Budhwar\textsuperscript{12} discusses the growth of new markets like Eastern Europe, BRIC, China, India, South East Asia and Latin American countries, growth of new international business blocs and an increased level of competition among firms at both national and international level has resulted in an increase in comparative HRM studies. However in order to evaluate and highlight the context-specific nature of HRM in different national and regional settings, we need to delineate the main factors and variables that would determine HRM in such settings. The dilemma regarding what factors to include under broad concepts such as national concept or institutions needs to be resolved. The issues regarding the selection and choice for certain contingent variables, organizational HR strategies and policies as possible determinants of HRM also need serious attention. A sensible way to tackle this mammoth task is to understand the complex interactions between HRM practices and their determining variables on the basis of empirical data. However there is scarcity of research in this area. This is partly due to the fact that the number of methodological issues involved in cross-national research is many and more complex in comparison to national research and

partly due to the absence of a comprehensive framework for conducting such studies. Four comparative management frameworks that will be considered to study the similarities and differences among the nations and management systems of different countries:

1. Economic Development Approach, 2. Environmental Approach,
3. The behavioral approach, 4. Open systems approach.

The above approaches to comparative management present a broad list of variables and factors which form the core basis for cross-functional management comparisons. The choice for their selection depends on the nature and aims of the research, since they represent some of the most fundamental principles of analyzing management, it is sensible to consider the impact of these variables and factors on HRM Policies and practices in a cross-national context. Several frameworks have been developed to evaluate HRM at separate level of analysis. Most of these frameworks adopt a contingency approach and are of US origin. Hence such a study-Integrative Framework for Understanding Cross-National HRM" practices with reference to MNC, are essential for business sustenance and defined below Figure:

An investigation into the influences of different factors such as national culture and different national institutions, variables such as age, size, life cycle stage, or type of organization and organizational HR policies and strategies, such as defender, analyzer, cost reduction, talent acquisitions or talent improvement, on HRM policies and practices, can help to reveal national /International similarities and differences and the possible reasons for them.
One of the main criticisms of both the contingency model and comparative frameworks is that they do not present a comprehensive list of factors and variables which determine HRM in a cross-national context. More over most of the contingency models are proposed for expatriate management or management in Multinational Enterprise, not general cross-national HRM comparisons. Moving beyond contingency and comparative process model, an attempt is made to overcome such limitations in the new framework explained below.

4.1 : Background of Study and Theory of Constraints :

The Theory of Constraints is based on the idea of using scientific principles and logic to guide human-based organizations in their decision-making processes. Ultimately, the goal of the TOC is to help organizations achieve their goals and,

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13 Dr. Eliyahu M. Goldratt’s “The Goal”. (Publisher Amazon Inc 1984) p6
more importantly, continue doing so through changing times. Simply put, the TOC is a recipe for change. The TOC is based on a set of basic principles, or axioms. These principles are applied, using a set of basic processes in a logical method, to a set of specific fields, including: Operations, Finance, Distribution, Project Management, People Management, Strategy, Sales and Marketing. The underlying premise of the TOC is that every organization has, at any given time, at least one stumbling block or constraint, which limits its performance and hampers the attainment of its goals. In the broadest sense, these constraints can be classified as either "internal constraints" or "external constraints." In order to successfully improve the performance of the organization, the constraint must be identified and managed according to one of the processes involved in the theory. As with any dynamic situation, over time the constraint may change, either because the initial constraint was successfully managed, or because a changing environment has left the organization with a new constraint. At any rate, the constraint management process is continual. The essential topics required to manage people are well known: conflict resolution, empowerment, team building and talent management. What is not well-known is that the TOC logical approach to derive solutions for the more "tangible" topics is equally effective at providing powerful methods to manage people. In the long term this program probably provides the most important know-how.

**Strategy and Tactics:** Immunization of future of the company: The objective of any company is to implement an effective and lasting process of an ongoing improvement. Unfortunately, after the initial thrust most improvement efforts stagnate. This thesis identifies factors impacting external environmental factors or markets, for defining the over-all strategy backed up by detailed tactics, so that the rate of improvement continues to grow over time.
The proof that any technology is necessary but not sufficient is demonstrated on two extreme examples, MRP and ERP, Complexity and TOC and the search for inherent simplicity, presents “The Cynefin Framework” and how it can help make sense of the synergy between methods like TOC, Lean, Six Sigma, show methods in their appropriate context, show why TOC methods are successful, and provide insight into finding inherent simplicity. The Cynefin framework is used to describe problems, situations and systems. It provides a typology of contexts that guides what sort of explanations or solutions may apply. Cynefin illustrates, the evolutionary nature of complex systems, including their inherent uncertainty. The name is a reminder that all human interactions are strongly influenced and frequently determined by our experiences, both through the direct influence of personal experience, and through collective experience. The Cynefin framework draws on research into “Complex Adaptive Systems” theory, cognitive science, anthropology and narrative patterns, as well as evolutionary psychology. It explores the relationship between man, experience and context and proposes new approaches to

communication, decision-making, policy-making and knowledge management in complex social environments.

5.0: Integrative Frame Work For Impact of External Environment Factors on Personnel Management Functions in MNC in India.

The conceptual framework of global HR strategies and practices in MNC from emerging economies like India across their subsidiaries applies to both developed and developing markets. Using data from a pilot study of Indian MNC, it provides insights and guidance into the motives, strategic opportunities and constraints in cross-national transfer of HR policies and practices in a multi-polar world.

Dr. Mohan Thite's research paper “Internationalization and HRM Strategies across Subsidiaries in Multinational Corporations from Emerging Economies – A Conceptual Framework” is discussed below:

Figure- 4.6: Conceptual framework of global HR strategies and practices in MNC from emerging economies.
This model helps identify and analyze 'the travel of ideas' between the east and the west, in terms of the motives and opportunities behind cross-national transfer of HR policies and practices. Such an understanding of corporate management thinking and practice in MNC helps practitioners understand their own strengths and weaknesses in the new scheme of things and assists them in strategizing accordingly as to, how best to influence the top management layers and players. This would in turn assist them to facilitate a smooth 'travel' of policies and practices across subsidiaries. The growing importance of emerging economies has lead to an upsurge of strategy research on the topic. Research on global HRM has not paid enough attention to MNC from emerging economies despite of all the management domains, HRM is most sensitive to local context. Emerging country MNC tend to be smaller in size with considerably less resources and international experience than their counterparts from developed markets. This limits their ability to transfer management practices across their subsidiaries. While there is growing recognition of and research on this contextual aspect with respect to some relatively advanced Asian economies, such as Japan, Korea, Taiwan and Singapore, the two emerging global giants, China and India, have been much less explored.

Previous research on MNC had identified dual pressures for the need to conform to home country's push force and host country's pull force, institutional environments when adopting HRM strategies and practices. We know very little on how these pressures influence HRM strategies and practices at subsidiary level of MNC from emerging economies. While previous comparative research on HRM in the Asia Pacific region, has identified the national origin of firms including its national
institutions and culture as the key shapers of HRM practices in the region, these studies do not address how cultural and institutional differences affect the dissemination of HRM strategies and practices by MNC from emerging economies operating in a developed economy. A key research question relates to exploring the issues associated with the transfer HR practices across borders within MNC. As comment, diffusion has to take into account the local cultural and institutional context and the ability and incentive of local managers to implement best practice. As stated before, “there is relatively little research on the internationalization of emerging economy firms either into other emerging economies or into developed economies”. The strategy literature on emerging economies predominantly use institutional theory followed by resource-based theory, transaction cost theory and agency theory as conceptual perspectives. MNC from emerging economies enter developed economies for ‘exploration’ and other emerging economies for ‘exploitation’. While in the past Japan and Korea internationalized through green field expansion, founding their own subsidiaries that mitigated cultural clashes, China and India are expanding mainly through acquisitions in Western countries. Moreover, their internationalization is very rapid and different from that of the conventional Western MNC and erstwhile developing country MNC. They also tend to use exporting and FDI as combined and simultaneous strategy, rather than being distant alternatives. Although in absolute terms the MNC from emerging economies are not very large, they are gaining importance and many companies are now globally diversified. The key advantages for these MNC are access to the most dynamic growth markets in the world with a vast pool of low cost resources like production workers, engineers and natural resources. Besides being small, most of the emerging markets MNC are in their early stage of internationalization with
limited international experience. Correspondingly within the MNC from the emerging economies, organizational culture, decision making and control on subsidiaries can be noticeably different as compared to their counterparts in developed markets due to national culture and economic differences.

The above conceptual model also deals with Strategic IHRM or SIHRM that explicitly links HRM with the strategic management processes of the MNC in emerging economies, and emphasizes coordination or congruence among various HRM practices. It focuses on SIHRM orientation, i.e., the “general philosophy or approach taken by top management of the MNC in the design of its overall IHRM system, particularly the HRM systems to be used in its overseas affiliates”. Despite the increasing trend towards the globalization of trade and commerce and cross-national convergence arising from it, significant differences remain in the way different countries organize business activities and more specifically, the management of employees. The cultural values framework, demonstrates the limitations of universalistic models of IHRM that emphasize one-best-way. Even though some have contested the emphasis placed on national culture in international management at the cost of organizational differences, the importance of the country of origin is a consistent theme in research in this area.

Mohan Thite’s conceptual framework adopts a broad approach by examining the key factors, such as cultural, institutional and organizational differences and the interplay between them. Any study on MNC from emerging markets also needs to take into account sector variables in different industry segments, such as IT services and manufacturing. For example, Indian MNC in the service sector ‘trend to gain the positive benefits of internationalization sooner than manufacturing companies’. Thus
the new research framework adds value to IHRM research by giving, 'equal weight
to both the subsidiary level and to corporate headquarters within a firm.'

5.2: Integrative Framework Model Proposed- Impact of External Environment
on Personal Management- A Study with Special Reference to HRM In MNC in
India.

Thus, Model developed is an Adaptive Comprehensive Integrated Multifaceted
System Model, the scope confined to MNC operating out of Bangalore.- Refer
"Annexure a and b". The Model developed has taken into considerations the
advantages and disadvantages of the model discussed above and a new model
developed deems fit the requirement undertaken from the survey of HRM
Professionals working in MNC in Bangalore. The constructs, Propositions,
relationship between and among variables involving a series of interrelated
constructs, abstractions, concepts, variables, definition, and propositions that have
been hypothesized or assumed with a systematic view of phenomena, for the
purpose of explaining and predicting the phenomena. The Research study has
significance and practical approach to problem solving and real time application to
Business for effective decision making and in particular Human factor, who are
basic decision makers and governed by the HRM Functions.

5.2.1: Bench Mark Study-Comparative study of Impact of External Environment
on HRM Functions and Peoples Capability Maturity Model Integrated. Drawing
Analogy -Bench Marking with Capability Maturity Model developed by –Software
Engineering Institute - Carnegie Mellon University\textsuperscript{15}, the following benefits are
discussed.

\textsuperscript{15} Dr. John W. Alden \textbf{Capability Measurement} Journal of Software Engineering Institute
(SEI) - Carnegie Mellon University 10-2006 & 10-09- 2007
Translating Good Governance into Operational Excellence: Does your Organization have the Capability to Execute its Strategy? Thus the integrated model which we have conceptualized needs to be benchmarked to assess its suitability for implementation. Hence we compare and discuss briefly advantage and benefits and disadvantages of the proposed Model with CMMI-SEI with a open standards Framework focus as shown below:

![Figure-4.7: Open Standards Framework](image)

Figure- 4.7 : Open Standards Framework  {Source :Measurement 10-2008,2007}

The authors approach to proposed model is similar to CMMI objective, in the sense that the process starts with a brief analysis of assessing the gap by identifying the current level and enhancing operations to achieve the set goal of the organization. Some of the business functional areas where the model has been successfully applied are as shown in the table below:
Table 4.1: Organization Benchmark with Reference to HRM Functions.

<table>
<thead>
<tr>
<th>Type of HRM Functions</th>
<th>Evidence of Success/Failure</th>
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<tbody>
<tr>
<td>1. Mergers and acquisitions</td>
<td>Mostly negative results, sell quickly.</td>
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<tr>
<td>2. Implementing new enterprise software (HRIS/People Soft-Oracle)</td>
<td>50 percent fail.</td>
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<tr>
<td>3. Switching to better HR practices</td>
<td>Start ups fail more often.</td>
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<td>4. Quality Improvement efforts</td>
<td>Talk but not much walk.</td>
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<tr>
<td>5. Business process re-engineering (BPR)</td>
<td>30 percent achieve stated goals.</td>
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<tr>
<td>7. Launching a new product</td>
<td>Extremely high failure rates.</td>
</tr>
<tr>
<td>8. Starting a new organization</td>
<td>Failure rates for new ventures is high.</td>
</tr>
</tbody>
</table>

Source: Hard Facts, Dangerous Half-Truths & Total Nonsense: Profiting From Evidence-Based Management, Book Publisher HBS Press USA.

5.2.2 Integrating and Simulating from the External Environment Factors:

Integrating and Simulating External Environment factors into ACIMS Model:

The following questions are analyzed, with data collected from survey:

1. Are major trends and changes in business units or MNC, environment affecting your strategic plan? Specifically, what potential developments in customer demand, technology, or the regulatory environment could have enough impact on the industry to change the entire plan?

2. How and why is this plan different from last year’s? What were the forecasts for market growth, sales, and profitability last year, two years ago, and three years ago? How right or wrong were they? What did the business unit learn from those experiences?

3. What would it take to double your business unit’s growth rate and profits? Where will growth come from: expansion or gains in market share?
4. If MNC, business unit plans, to take market share from competitors, how will it do so, and how will they respond? Are MNC counting on a strategic advantage or superior execution?

5. What are the MNC business unit's distinctive competitive strengths, and how does the plan build on them?

6. How different is the strategy from those of competitors, and why? Is that a good or a bad thing?

7. Beyond the immediate planning cycle, what are the key issues, risks, and opportunities that MNC should discuss today? How will the business unit monitor the execution of this strategy?

5.2.3 Integrating and Simulating HRM Function Factors into ACIMS Model, the following organizations strategy questions can be assessed.

1. The overall risk profile of the MNC assets are analyzed, i.e. people, products, processes, and facilities—as well as the interrelationships among these risk?

2. Have we integrated HRM risk management processes throughout the enterprise?

3. Are MNC constantly reviewing and updating business continuity plans?

4. Can security processes be improved so the company enjoys fallout benefits-like increased efficiency and improvement customer services?

5. What technologies and metrics are available to evaluate and improve risk Management processes? Is adequate security training in place?

6. Do an environment, where employees feel free to speak out about potential problems to upper- level managers in MNC.
6.0: Conclusion:

Thus “ACIMS” Model was evolved as a “Integrative Framework Model for HRM Development in MNC. This model was used to develop constructs, propositions, relationship between and among variables like external environment factors and HRM Functions involving a series of interrelated constructs, abstractions, concepts, variables. Definition and propositions that have been hypothesized or assumed with a systematic view of phenomena, for the purpose of explaining and predicting the phenomena and verifying the constructs from the data collected were carried out and discussed in detail in next chapter. Thus from the above analysis and discussion of comparative and bench mark study of software related PCMMI Model with ACIMS Model, we can conclude that CMMI is more related to IT Industry and PCMMI Levels are proven only for Software Process, where as ACIMS model is more generic model which can address other industry need like BFSI, Manufacturing and Engineering organizations, FMCG and Retail, Hospitality, Tourism and Health Care and Consulting Companies.