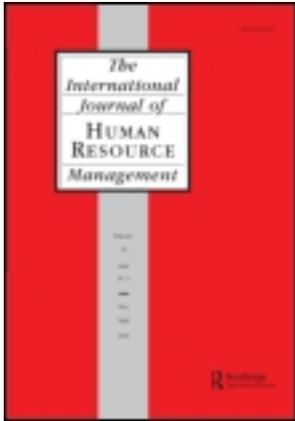


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Organizational response through innovative HRM and re-design: a comparative study from France and India

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This paper explores some of the major developments in cross-national, comparative studies of multi-national enterprises (MNEs) through qualitative research in human resource management (HRM) and then highlights the need for more such studies. With exploratory case study methodology, this study tries to understand the role of innovative HRM practices during organizational re-design in France and India. It highlights the necessity of context and builds on with the results of four longitudinal case studies in two industries, namely cement and automobile, in France and India, which attempted to operate in a competitive business environment. The results emphasize that given the context, amidst the backdrop of liberalization, a crucial challenge facing organizations is their ability to respond and manage re-designing their organizations while embracing integrative and innovative human resource (HR) mechanisms that cement these changes. The research setting of two countries helps to dig deeper into the mechanisms that shape innovative HR policies and practices. The article proposes and contributes to the contingency theory and to cross-national, comparative MNE literature.

Keywords: comparative HRM; cross-national HRM; France; India; innovative HR; re-design

Introduction

Over the past 15 years, a growing body of international human resource management (IHRM) literature has focused on perspectives of multi-national enterprises (MNEs) and cross-national human resource management (HRM; Brewster, Tregaskis, Hegewisch and Mayne 1996; Budhwar and Sparrow 2002). Recently, there is a growing body of literature that re-emphasizes the need for cross-national, comparative research of MNEs across regions that focuses on the context (Budhwar and Debrah 2009; Fey, Morgulis-Yakushev, Park and Bjorkman 2009). The recent trend for international researchers has been to focus on interesting contextual issues of HRM within emerging economies such as India, China and Russia (Björkman, Budhwar, Smale and Sumelius 2008) or between developed and emerging nations such as UK and India (Budhwar and Khatri 2001; Baruch and Budhwar 2006). These studies have thrown light and tried to open the black box for conditions that must exist for HRM to be adopted in different national contexts and settings. There is accumulating evidence that strategic HRM is more likely to be adopted by privately owned or foreign-owned firms than by state-owned or public organizations in these economies (Lengnick-Hall, Lengnick-Hall, Andrade and Drake 2009).

Recent studies of perspectives of MNEs from the beginning of this decade have been succinctly summarized in Lengnick-Hall et al. (2009, p. 75). For example, Som (2007) presented several propositions regarding the adoption of innovative HRM in India that he

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believed may be pertinent in other emerging economies. Through several case studies he proposed that national environment, organizational restructuring, ownership structure, legitimizing drivers, organizational culture and role of human resource (HR) department have all influenced the adoption of innovative HRM in India. On a similar theme, Wöcke, Bendixen and Rijamampianina (2007) used a cross-case study analysis to describe flexibility in configuring MNE corporate strategy in South Africa. Akhtar, Ding and Ge (2008) and Ngo, Lau and Foley (2008) examined HRM practices in China and their impacts on firm performance. Within the perspectives of MNEs, the context of designing innovative HRM policies and practices relating to firm performance has gained momentum and reveals that not only should organizational differences be taken into account but the role of cultural and economic system differences might be useful in understanding and designing effective HRM policies and practices (Lengnick-Hall et al. 2009).

To dwell into the role of national factor, contingent variable and organizational strategy differences for designing innovative and effective HRM policies and practices researchers (Storey 2004) have tried to compare activities in two developed nations (such as the USA and the UK with other developed nations in Europe), while a few of these bi-country studies have compared a developed nation with a developing/emerging nation (such as China, India or Eastern Europe). Within this literature, researchers have mostly used the hypothesis testing route to infer and broaden the knowledge base through similarities and differences of HR policies and practices that exist (Budhwar and Khatri 2001; Baruch and Budhwar 2006). However, some researchers (Wever 1995; Morgan 2000; Gamble 2003; Shibata 2004) have used the qualitative research methodology to delve into different research questions within the broad field of comparative IHRM. There are very few studies (one of them being Lawler, Jain, Venkata Ratnam and Atmiyanandana 1995) that have explored the paradigm of a qualitative study of a bi-country framework in IHRM among the two emerging nations of India and Thailand. The necessity for such study was put forth as:

... mainly due to ever-increasing internationalization and globalization of business. As world business develops into a 'global village', there is greater need to know how managers in various parts of the world cope with issues and problems related to the management of human resources and what major factors impact on HR policies and practices in different contexts.... (Lawler et al. 1995, p. 320)

Empirical investigation involving emerging markets such as India

Following this call, there is an increasing trend to undertake studies in emerging market nations such as China, India, Brazil, Russia, South Africa and others. This trend continues to be both single-country studies and multi-country comparative studies within emerging market contexts and developed-emerging market contexts. The field is still evolving and researchers have started using qualitative research methodology to critically evaluate firm and HR strategies for coping with emerging market competitive factors in a cross-national environment (Horwitz and Mellahi 2009; Takeuchi, Chen and Lam 2009). Some authors (Judge, Naouhaeva and Douglas 2009) have pointed out that is interesting to discuss where transitional economies are countries which experience a high level of turbulence and complexity in a transformation process from centralized command and control political economies to market-oriented economies with varying degrees of state direction (rather than control). Following this growing body of literature it seemed pertinent to design this study to compare and contrast markets and contexts that are stable on the one hand, while on the other there is a growing volatility and turbulence caused by the

structural changes such as liberalization in India. This follows van Agtmael's (2007) work portraying a fundamental global shift in economic and potentially political power to emerging or transitional markets within the next 25 years and thus the rationale of a research context that tries to understand the developed country such as France and the emerging market context, such as India.

Aim and research question

With exploratory case study methodology, this study tried to understand the role of innovative HRM practices during organizational re-design in France and India. It highlighted the necessity of context and build on with the results of four longitudinal case studies in two industries, namely cement and automobile, in France and India, which attempted to operate in a competitive business environment. On the basis of extensive literature survey, very few in-depth, longitudinal studies have been carried out to examine the organizational response of firms through innovative HR and organizational re-design process arising from strategic re-design initiatives and none of those studies used a bi-country comparative framework within France and India. The organizational re-design was based largely on the environment in which the firms operated, specifically the comparative national factors and contingent variables in France and India. The study adapted a contingency framework to identify these two environments: the re-design that took place and the implementation of the innovative HRM practices for increasing competitiveness and superior performance.

Innovative approaches can be a relevant capability for organizational effectiveness. Teece, Pisano and Shuen (1997) defined such capabilities as dynamic capabilities that enable firms to fit changes and even to provoke them. Organizations with dynamic capability can increase their efficiency by the way of adaptability, and they look for equilibrium through a trade-off between innovation and flexibility. Innovative practices might be the key to carry out new combinations of resources, methods, systems, and processes to generate new products and services that fill actual and potential needs of customers. Firms with this capability can earn and sustain greater returns than those without it (López Cabrales, Pérez Luño and Cabrera 2009).

For this article, we define 'innovative HRM practices,' as

Any intentional introduction or change of HRM program, policy, practice or system designed to influence or adapt employee the skills, behaviors, and interactions of employees and have the potential to provide both the foundation for strategy formulation and the means of strategy implementation that is perceived to be new and creates current capabilities and competencies. (Som 2006)

India and France as research context

As discussed in the previous section, researchers (such as Jackson and Schuler 1995; Tayeb 2005) have argued that the internal (such as technology, structure, size, life cycle stages, business strategy, and others) and external contexts (include national cultural factors such as attitude to power and authority, tolerance for ambiguity, work-related values, and attitudes and trust; political and economic factors comprising trade policies, role of the state, industrial relations, and employment laws, state of the economy, membership to global, regional trade organizations, and others) in an organization influence the specific HRM practices and policies. In the case of India and France, both internal and external environments have undergone major changes.

Researchers on India in the past decade have well documented the context specificity and the rationale for India as a research setting (Paul and Anantharaman 2003; Singh 2003; Pio 2007; Som 2008b; Ketkar and Sett 2009; Singh 2009). Most of these studies examined the relationship between HRM practices and effectiveness in the changing liberalized and competitive context of India. They concluded that liberalization and privatization that was initiated in 1991 was a defining moment in the trajectory of economic development in India that generated a host of outcomes such as increased competition and created greater opportunities, which necessitated HRM to play a strategic role in organizations for increased effectiveness and superior performance. Overall, the studies converged in their conclusion that there was gradual adoption of professionalized, innovative HRM practices in Indian organizations (Som 2007).

Studies of organizational responses and evolution of HRM within the French context are abundant but barring a few most of them are written in French. Researchers (Tregaskis 1997; Meschi and Metais 1998; D'Iribarne and D'Iribarne 1999; Cerdin and Peretti 2001; Guerrero and Barraud-Didier 2004; Som and Cerdin 2005; Desmarais 2008) have noted that liberalization and deregulation of the French economy started in the early 1990s. This led to an extensive network of private enterprise (nearly 2.5 million companies registered) with substantial (though declining) government intervention. The government retained considerable influence over key segments of infrastructure sectors, with majority ownership of railway, electricity, aircraft, and telecommunications firms through Golden Shares in these strategically important firms. Cerdin and Peretti (2001) and later on Desmarais (2008) had opined that France has been slow introducing reforms in HRM models specifically in terms of employment and personnel management practices. The reforms have been incremental in public-sector organizations while being more radical and universalistic in private-sector enterprises. Overall, studies on the specificities of French HRM practices converge and opine that the evolution of HRM practices is the result of several constraints of both the external environment and the internal environment such as strong and specific regulations, a demography unique in Europe, the acceleration of internationalization of large organizations, and sociological upheaval. These practices are converging with those of other countries under pressure from similar factors. French HR managers are striving to adapt French organizations to their environment by relying on the convergence of unique practices or practices similar to those implemented in other Organisation for Economic Co-operation and Development (OECD) countries (Som and Cerdin 2005).

Comparison of France and India as country context

In 2008, France was India's fifth largest trading partner among European Union countries, which was also the second most important destination of India's exports. Along with the USA, Japan, China, and Russia, India has been given top priority in trade by the French Government, making the last 5 years the most remarkable period for French and Indian business partnerships. In 2010, there were about 750 permanent French establishments in India, employing nearly 200,000 Indians, a fifth of them as engineers in French IT companies. The number was around 50,000 in 2005. Between 2008 and 2012, it is expected that French companies will invest 10 billion Euros in the Indian market.¹ On the other hand, Indian companies in France had invested around 500 million Euros between 2005 and 2010 with around 90 Indian companies operating in France. These investments were mainly driven by IT majors and pharmaceutical companies with interests in mechanical engineering, plastic, medical devices, and forging.

Similarities and differences exist between the French and Indian business contexts (Som 2008a). Similarities include a rich culture, heritage, and history; wide diversity; and many unwritten rules. To manage the maze of these gray and paradoxical areas requires skills and mindsets that business development managers do not yet have. Labor laws within the two countries are rigid and most decisions related to business opportunities are governed by protecting the labor. Bureaucracy in both governmental and private-sector organizations plays a detrimental part in both societies and slows down decision-making. Finally, the nations share elite educational systems and have similar approaches to higher education. Most of the large companies in the French organization are profoundly hierarchical and based on social classes: the 'cadres' (managers and professionals), the 'maitrise' (first-line supervisors), and the levels below. This system is deeply embedded in the French culture (Guerrero and Barraud-Didier 2004). France is led by top-management teams who are alumni from two or more of the schools of higher education (Barsoux and Lawrence 1998), namely Ecole Polytechnique, Ecole des Mines (similar to Indian Institutes of Technology), Ecole Nationale des Administrations (similar to Indian Administrative Services and other services), grande ecoles of commerce like ESSEC (similar to Indian Institutes of Management), etc. They form an exclusive club represented by boards of each other's company and make decisions with collective knowledge.

According to Som (2008a), differences exist as well. In France, growth has always been to play with; for Indian companies, growth is related more to a company's top-line and bottom-line, or the Anglo-Saxon approach. Another difference is language in daily life. Though most business and higher education are conducted in English, each country's home language is spoken at home. The third difference is the risk-taking attitude as reflected by uncertainty avoidance scores by both nations. French companies, in general, avoid risk, are slow decision-makers, are long-term oriented and inward looking, and usually are right the third time. Indian companies, on the other hand, are entrepreneurial, judgmental, and try to operate from the mindset they have held onto from the past by doing business within India. In France, unlike India, rules, regulations, and formalization of administrative processes can be compared to the military with its high centralization of power. On the other hand, high value is given to unwritten customary rules where rules and regulations can be implemented when needed and when needed to be broken. Finally, though the education model is more or less similar, Indian organizations are not necessarily managed by these elite managers. Much variety exists within business houses, state-owned enterprises (SOEs), and private- and family-owned conglomerates.

As mentioned above, due to the similarities and differences that exist between France and India, this study provides insights by comparing and contrasting the 'policies' and the innovative 'practices' adopted by two organizations in France known to be 'leaders in management of people,' and two organizations in India also known in their industries for their HRM practices. The two countries were chosen based on their developed vis-à-vis emerging nature while the industries were chosen on the basis of stable versus dynamic market structure.

The research context included both a developed economy and an emerging economy. An organization belonging to a developed country usually is a benchmark for its competitors in the emerging economy (issues that have already been faced by organizations from a developed country could be faced by their emerging economy counterparts when the market develops), whereas it is important for the same organization to be well versed with the market, systems, and practices in emerging and transition economy. France was the last country to liberalize in Europe through privatization during the early 1980s and was

contained in the 1990s when government interventions were similar to those in India. India started its liberalization process in 1991.

Within this backdrop of liberalization of the Indian economy and its enhanced cooperation with France as a nation, the remaining paper is organized as follows. First, the theoretical background is outlined, which is followed by an introduction to the case study including a description of the particular environments and factors influencing the re-designing of organizations in France and India. In the discussion part of the article, a summary of the key findings is provided with respect to the four case studies in two distinct contexts. A set of testable propositions are developed. In the conclusion, the limitations of the study are discussed with avenues for future research and possible implications for practice.

Research review

The contextual paradigm and the concept of contingency

This study contributes to the contingency perspective that particular sets of practices and organizational mechanisms are likely to yield better performance if they are matched with specific objectives, conditions, and strategic interests that rise from the context of the external environment and encompass national factors, contingent variables, and organizational strategies, especially during bi-country studies (Budhwar and Debrah 2009). Contingency theory is essentially about the need to achieve fit between what the organization is and wants to become and what the organization does (how it is structured, and the processes, procedures, and practices it puts into effect). Some contingency variables are within the organization and others are outside it. Contingency variables that are internal to the organizations have an effect, which in turn mould other internal organizational characteristics, for example, firms' HRM policies and practices. This approach argues that performance is maximized when the HR policies and practices adopted are consistent with the business strategy, implying that business strategies are followed by HRM policies in determining the business performance (Schuler and Jackson 1987; Huselid 1995).

The contextual paradigm explores for differences between and within HRM policies and practices in various contexts and tries to search for the antecedents of those differences. Context relates to the concept of contingency, where actions and systems are to be in line. As a contributor to the explanation, this paradigm emphasizes external factors (culture, ownership structures, labor markets, the roles of the state, trade union organization, and others) as well as internal factors (lobbying about and adjusting to government actions and dealing with equal opportunities legislation or with trade unions and tripartite institutions actions which form an important part of the HR role, specifically in high-context countries such as France; d' Arcimoles 1997; Guerrero and Barraud-Didier 2004; Som 2007).

Lengnick-Hall et al. (2009) summarized the evolution of the field of strategic HRM over the past 30 years. They noted that:

International researchers are focusing on the interesting phenomenon of SHRM in countries with emerging economies. We are learning more about what conditions must exist for SHRM to be adopted. (p. 79)

Several researchers have acknowledged that the contingency perspectives are not universal, but are 'socially constructed' in each society (Boxall 1995). In such bi-country studies, researchers have noted that national HR practices are determined by both 'culture-free' (age, size, and nature of organization) and 'culture-bound' (national culture and institutions)

factors (Baruch and Budhwar 2006). Investigation into the influence of both culture-free and culture-bound variables in a cross-national context has been crucial in the comparison of a developed nation and an emerging nation in light of the fact that emerging nations like India have attracted the most amount of foreign direct investments in recent years and are the only nations that have witnessed close to double digit growth in the past 10 years.

In a parallel stream of literature of HR bundles and high performance work systems (HPWSs), Huselid (1995) examined the relationship between HPWSs and firm performance. HPWSs were defined as those including comprehensive employee recruitment and selection procedures, incentive compensation and performance management systems, and extensive employee involvement and training. It was found that the relationship between HPWSs and corporate financial performance was mediated by turnover and productivity. HPWSs reduce turnover and increase productivity, thus have a positive effect on corporate financial performance. MacDuffie (1995) used a 1989–1990 survey of 62 international automotive assembly plants to test whether HR bundles affected plant productivity and quality. HR bundles were defined as interrelated and internally consistent HR practices. These HR bundles were hypothesized to create multiple, mutually reinforcing conditions that support employee motivation and skill acquisition. He also hypothesized that an HR bundle or system must be integrated with the firm's overall business strategy to be effective (i.e. the contingency perspective). This research found support for the effect of HR bundles on plant productivity and quality. Furthermore, it was found that flexible production plants consistently outperformed mass production plants. Guerrero and Barraud-Didier (2004) in their survey of 180 HR managers in large French companies reported that high-involvement human resource practices (HRPs) such as empowerment, communication, and training were all indirectly related to financial performance, with social performance playing a mediating role. When the HRPs were combined into a bundle, they had a stronger impact on performance than when they were studied individually. Ramirez and Fornerino (2007) had criticized the contingency perspective and proposed the neo-contingency perspective in their study of the impact of technological and national-culture factors on certain HRM policies and practices in Britain and France. They reported that the relevance in the diffusion of certain patterns of HRM policies and practices advocated that employees working in intensive technology firms need a creative and adaptive HR management approach. The differences found in the application of the HRM practices studied between the two countries are illustrated through the educational system, which is different in France and Britain.

Variables

This study takes into account the bundling of innovative HR practices and policies such as recruitment, compensation, performance appraisal, retraining, redeployment, and right-sizing. (Huselid 1995). These conventional HRM practices are reported to be intentionally adapted with innovations, which are defined as innovative HRM practices, to adopt skills, behaviors, and interactions during the process of re-designing the organization. These innovative HRM practices are perceived to be new in the current context and meant to create current capabilities and competencies for a changing environment.

Since this study was undertaken with organizations that were re-designing (Roberts 2004; Burton, DeSanctis and Obel 2006; Dunbar and Starbuck 2006), the study incorporates differentiation and integration as variables. Differentiation is defined as the 'state of segmentation of the organizational system into subsystems, each of which tends to develop particular attributes in relation to the requirements posed by its relevant external

environment' (Lawrence and Lorsch 1967, p. 4). It refers to the differences within the organization that arise as a consequence of their local adaptation to tasks and also to have behavioral accommodations to their environments (Dougherty 2001). The concept includes decentralization of formal structures, reducing hierarchy in organizations, delegation, and specialization. Differentiated and diverse organizational subunits can recognize and engage in a wider search for new opportunities when environmental conditions change (Khandwalla 1977).

Integration is defined as the 'quality of the state of collaboration that exists among departments that are required to achieve unity of effort by the demands of the environment' (Lawrence and Lorsch 1967, p. 11). Integration mechanisms involve internal and external communication, renewal of organizational culture, climate, long-range planning, style of top management, coordination of liaison activities, formation of committees and cross-functional teams, management information, and control systems (Khandwalla 2002).

Changes in both external and internal environments necessitate that there is a change in the organizational processes and functioning. Researchers have reported a growing need for organizations to utilize their human resources more effectively, especially during changes in the environment. To be competitive and to align themselves with the environment, organizations went through re-design (Lawrence and Lorsch 1967; Khandwalla 2002) processes involving coordinated adjustments in their differentiation and integration mechanisms while synergizing their HRM functions.

The notion of fit encompasses both external and internal components. External fit is aligning a firm's HR practices with its strategy, whereas internal fit is aligning a firm's HR practices with one another (i.e. mutually reinforcing each other). In contingency predictions, the relationship between the adoptions of specific changes in employment practices would be contingent on the re-design process that the organization undertakes due to changes in the environment. The organization would implement new changes in HRM practices that encourage employee behaviors to be consistent with the re-design process. This alignment of re-design processes and HR practices allows organizations to achieve superior performance (Baird and Meshoulam 1988).

Research concerning the links between HR and performance is well documented in the literature (Paauwe 2004; Lengnick-Hall et al. 2009). However, the link between innovative HRM practices due to changes in environment, which lead organizations to re-design themselves, is largely exploratory and there is a dearth of knowledge in this area. Moreover, this is perhaps the first study that compares France and India from this perspective. Importantly, most of the studies (barring Som 2007) adopted quantitative methods to the exclusion of qualitative methods, which prevented the generation of context-specific insights and many studies acknowledge this shortcoming and recommend that future research would benefit from the adoption of rigorous qualitative methodology. Also use of perceptual measures, adoption of a single measure for performance, use of cross-sectional data, and single response from an organization were the clear limitations of the studies which precluded the generalizability of those findings. Hence, an exploratory research design involving qualitative methods such as multiple case studies seemed suitable (Eisenhardt 1989; Yin 1994).

Sample description

The choice of organizations was done considering the following factors: (a) willingness of the organization to provide data and (b) going through a re-designing process as reported in business journals.

The first industry group is considered relatively stable because of its product-market structure that includes chemicals, steel, and cement. This industry group has not experienced much change in its inherent product-market structure, although there has been differentiation of products. There has also been a distinct change in business strategies of these organizations due to deregulation and globalization of the environment. Organizations in this industry group have streamlined their systems and processes to be more competitive and more efficient. This has been achieved by the adoption of innovative human resource strategies as well. In the first group, the cement industry was chosen as it was going through a spate of re-designing processes globally. The industry was gearing up for consolidation, and individual organizations were planning to increase their respective capacities to become market leaders. In the Indian context, cement players such as ACC, Mahut Group (Saurashtra and Sidhee Cement), Gujarat Ambuja Cement (partial acquirer of ACC), and Grasim Cement (acquiring L&T Cement) were gearing up to deal with the competition. Multi-national companies such as Lafarge, the global leader in the building-construction materials industry, had already entered India with its acquisitions of Tisco and Raymond Cement. Holcim, the No. 2 player in the global arena, with its partial acquisition of ACC and Gujarat Ambuja Cement, made its entry. Players like Cemex were still looking for a piece of the Indian market.

The second group of industries had gone through radical changes. Liberalization had spurred the entry of foreign companies, caused changes in cost and duty structure, created a highly competitive environment, and forced changes in technology (Buckley, Clegg and Tan 2005). This group consisted of industries such as software, automobile components, automobile (heavy, medium, and light), banking, electrical equipment, etc. It is hypothesized that the two case studies from each of the two industry types would provide in-depth insight about then-current HR practices, their variations, and their future directions. In the second group, unlike the first, most of the industries had been facing intense competition and were going through changes in their design. The automobile industry, especially the utility car segment, had been going through intense competition globally. Alliances (Renault–Nissan–Samsung), mergers and acquisitions (Dailmer Chrysler), sell-offs (Rover), and divestments (Volvo, Jaguar, and Fiat) were being reported as automobile manufacturers tried to rationalize their operations while looking for synergies in the worldwide market. Most of the global automotive players were flocking to India. The automobile industry had experienced an intense price war and product–market differentiation.

The two case studies from the two industry groups were in the process of re-designing their organizations: (a) automobile industry (utility car segment; e.g. Maruti in India and Renault in France) and (b) cement industry (Mahut Group in India and Lafarge in France). Renault, for example, a SOE that had an alliance with Nissan of Japan, could be compared to Maruti in India, another SOE with a joint venture (JV) with Suzuki of Japan. Lafarge had entered India by taking over two companies and had an aggressive strategy to increase its market share in the already hyper-competitive price-war-infected cement industry. Similarly, Mahut Group, mainly operating out of Africa, owned by non-resident Indians, was trying to expand business in India through joint ventures and acquisitions. Table 1 provides the classification of the data-set.

Methods

This study focused in-depth on a limited number of organizations and the processes that the organizations followed vis-à-vis the role of innovative HRM practices during re-

Table 1. Organizations studied in India and France.

<i>Country/industry</i>	<i>Cement (stable)</i>	<i>Automobile (dynamic)</i>
India (emerging)	Mahut Group	Maruti Udyog Ltd
France (developed)	Lafarge	Renault

design. Yin's (1984) model followed a holistic analysis of a wide range of variables while Eisenhardt (1989) used multiple-case designs as it provides more scope for attempting generalization to a single-case setting. A deliberate choice was made to focus on depth rather than on breadth, keeping in mind that it is unrealistic to try to attempt both detailed, in-depth analyses of organizations and look at a large sample of firms at the same time (Ulrich 1997).

In order to understand the contingent effects of the environment, the resultant re-design mechanisms and how HRM supported and reinforced the re-design of the organizations, both archival and primary data were collected through interviews. Longitudinal data were necessary to capture changes in the context, to observe the process of re-design and reinforcement, if any, of HRM functions, as well as the time-line of events with respect to the major decisions taken and the actual implementation in the organization. Information was sought on the above issues from the beginning of necessity to change, through the change process and including the post change results.

Studying the four participant organizations included three distinct phases. First, the in-depth analysis of archival data was carried out for analyzing the articles. Documents concerning each organization were reviewed including analysts and consultant reports, documents related to changes in the organization structure before and after re-design, HR policy documents, annual reports, financial reports, and industry reports. Most of the articles were in English whereas a few were in French. The parts of the French documents used were translated into English by bi-lingual professionals. Also documented were the data on the business environment, changes that occurred, consultants' intervention in change or design processes, and HR policies and practices and its changes in each time period.

Before starting the fieldwork, an interview protocol was prepared which was improved and revised after discussion with experienced academicians, plus re-design and HR professionals. The interview protocol consisted of questions related to different categories of variables such as the nature of the environment, strategies adopted to face changes, re-design process, and the roles of HRM functions. The questions elicited information on why, who, how, and when of the re-design process. The informants were also asked to describe their roles and contributions to the change process, the climate of the organization, formal and informal relationships, their independent assessment about the situation, the role of HR, and implementation issues during and after the re-design.

Second, the first round of interview data was collected from October 1999 to July 2000 for the Indian organizations and from October 2000 to February 2001 for the French organizations by visiting those organizations. The exploratory nature of research necessitated a wide array of informants from both HR and functional departments. A total of 71 executives were interviewed in multiple rounds during the period in four organizations. The interviews with the top management lasted from 30 min to 3 h depending on the availability and willingness to share information. Multiple respondents enabled cross-checking of the data. Use of multiple informants also helped in identifying multiple perspectives and any differences of opinions within the organization. The notes

from these interviews were transcribed into categories, and used as raw data. Case studies were written from those data for all four organizations, cross-checked with the top management for validity and reliability, and written releases for the cases were obtained.

The third phase consisted of data collection and was undertaken between October 2004 and March 2005 when the organizations were requested to send updated archival data such as analysts and consultant reports, implemented organization structure, documented re-design processes, HR policy documents, annual reports, financial reports, industry reports, etc. During these 5 years, frequent information exchanges with senior-level managers were maintained in all four organizations; 21 telephone interviews with the top management were conducted to document the current operating scenario of the organizations.

Ninety-one executives were interviewed in multiple rounds during the period. The interviews with executives lasted from 30 min to 3 h depending on the availability and the willingness to share information. Wherever necessary follow-up interviews were conducted. During the first round of interviews an overall pattern emerged of the organizations. The open-ended nature of questions gave the informants leeway in giving their responses. Before starting the fieldwork, an interview protocol was prepared which was improved and revised after discussion with experienced academicians, re-design, and HRM professionals. This was followed by a historical count of the change process as documented and informed by the respondents. The interview protocol was strictly followed at all times and no constraints were imposed on the choice of responses. Table 2 lists some of the important questions that were asked during the interview process.

The data were analyzed through a variety of measures. The case analysis of each firm summarized the formal aspects of each organization, focusing on environmental changes, process of re-design initiatives, changes and introduction of innovative HRM policies and practices, and performance of these organizations. Interview data and filed notes were recorded using the critical incident approach, where milestones and development of key dimensions of the re-design process and introduction of innovative HRM practices were recorded. The data from the interviews were analyzed through frequency counts and cross tabulations. Results were compared and contrasted across multiple correspondents and functions. Emergent themes were further pursued to extract leads to understand in-depth the re-design process. The next section elaborates the results and findings.

Results

In this section, the four organizations are briefly described. Following the brief description, key findings regarding the re-design process and innovative HRM practices as viewed through the respondents are elaborated. Following the key findings is the discussion section.

Mahut

Mahut Group is a US \$350 million multi-national, multi-activity enterprise with a global presence spanning four continents – Asia, Europe, North America, and Africa – and employing more than 15,000 worldwide. The Mahut Group owns and operates two cement companies in Western India. The Mahut Group is run by the Mahut family, which has interests in trading and exports. The Mahut Group today has a presence in India, the UK, the USA, Canada, Uganda, and Kenya. The range of businesses includes international

Table 2. Sample open-ended questions for multiple-interview process.

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- What are the recent changes in your organization?
 - What are the business challenges? What are the strategies adopted by you to fight these challenges?
 - Describe the structure and role of HR? (No. of personnel, employees, workers . . .) Are there a defined HR policy, values, goals, and philosophy?
 - Was the HR strategy related to the overall business strategy? If yes, why and how, if not why do you think it is not? How would you think you would achieve your strategy without people being involved?
 - Give the details of some milestones, current activities, and new HR strategies and practices? How were these activities operationalized and implemented?
 - Give the details of the practices of the HR subsystems that you follow in your organization: (a) recruitment, selection, and career planning; (b) performance management system; (c) retraining and redeployment; and (d) retaining and rightsizing.
 - There are some of the HR practices that effective Western organizations adopt with people. Which of them do you follow? (a) Financial incentives for excellent performance; (b) rigorous selection and selectivity in recruiting; (c) higher than average wages; (d) Employee Stock Option Scheme (ESOP); (e) external and internal communication; (f) decentralization of decision-making and empowerment; (f) use of cross-functional teams; (g) high investment in training, skill development, and implementing multiple jobs and job rotation; (h) comprehensive performance management system; (i) a coherent view of employment relation; and (j) long-term perspective.
 - Did the change in HR practices have an effect on: (a) commitment to organization, customer, and quality; (b) opportunities to develop new skills; (c) vision and values; (d) recognition for contribution; (e) job security; (f) job satisfaction; (g) pressure to work and working hours; (h) team work; (i) career opportunities; (j) people's morale; and (k) working conditions?
-

trade, cement and building materials, packaging, sugar, floriculture and horticulture, engineering, electrical cables, consultancy, management, and financial services.

The two cement companies of Mahut Group are family-owned organizations. They are not managed professionally and had a history of infighting that arose from principal-agent biases. With the liberalization of the Indian economy in 1991 and further deregulation of the cement sector, the industry faced a turbulent and hyper-competitive environment not only from Indian players but also from MNCs that entered India during the late 1990s. As its bottom-line was strained, Mahut Group undertook a re-design plan for its cement companies to harness synergies. The initial re-design plan was to incorporate a marketing synergy between the two cement companies; the companies could not be merged due to different financial structures. Both firms reported losses during the initiation of the study and serious efforts were made by the Director of HR to rejuvenate the organizations, but failed to make an impact due to a lack of implementation and power equations within the group. Re-design mechanisms such as differentiation were not effective and lacked proper simultaneous integration measures. Differentiation mechanisms such as the creation of new roles pertaining to technical and market research were implemented through the recruitment of suitable personnel. But a critical weakness was a lack of decentralization as decision-making was tightly controlled and concentrated in the hand of the managing director. Due to a centralization of power, there was erosion of differentiation through attrition as specialists left the organization during the re-design process. Also the organization was ridden with casteism and regionalism. As far as the integration mechanisms were concerned, the style of management of the family business appeared to be benevolently paternalistic which did not percolate throughout the rank and file of the organization. Top management was autocratic, and since the owners had delegated the day-

to-day functioning to the top management, the kind of loyalty benevolent paternalism generates in India was largely eroded (Som 2007). Problems included very few management committees, weak control systems, an absence of any concerted internal and external communication systems required to integrate the organization to its vision, goals, and challenges. Moreover, innovative HR practices were mostly absent and the intention to adopt innovations was not observed. One possible reason for this was that top management did not intend to empower HR and the middle management to work toward an effective re-design. In terms of technical expertise and plant operations, the group was at par with its competitors but because of the weak re-design mechanisms, especially integration mechanisms, coupled with weak innovative HR reinforcements, the group was not able to take advantage of its technical competence. During the first and second phases of data collection, companies experienced losses, employee morale was low, role clarity was absent, and the absenteeism rate was high.

Lafarge

Lafarge is the world leader in construction materials with French roots. Its business spans 80 countries, employs 80,000, and had a turnover of 16 billion Euros in 2005. Lafarge started re-designing itself in late 1999 after experiencing double-digit growth over a 5-year period. Lafarge Group entered India in November 1999 by acquiring Tata Steel's Cement division. In January 2001, Lafarge took over Raymond's cement plant in India taking its total capacity to 4 million tonnes.

The hyper-competitive environment both globally and locally demanded operational excellence. The organization re-designed and streamlined its processes as it increased its scale through each acquisition. The re-design process was based on three key issues. First, Lafarge was to understand and implement procedures to integrate and coordinate its worldwide operations. Second, it was to manage dispersed, locally responsive interdependent business units, and third, to synergize the learning within the group by jointly developing knowledge, differentiated contributions and sharing it within its units. The differentiation mechanisms practiced actively were decentralization and changing of a hierarchical organizational structure to a flatter one, delegation of authority down the line and hiring, motivating, and retaining specialized personnel. Integration mechanisms involved long-range planning, evolution of a shared culture within the group, formation of committees and cross-functional teams, proper information technology and control systems and constant internal and external communication within the group. Together with practicing re-design mechanisms, the group implemented innovative HR practices such as online recruitment procedures throughout the group, well-monitored promotional policies, high-flier programs, career management, internationalization and expatriate policies, retraining and redeployment globally, a 360° performance appraisal system, Hay scale compensation procedures, and well-orchestrated rightsizing to reinforce the re-design mechanisms. The combined effect manifested itself in continuous enhanced performance of the group.

Maruti Udyog Limited

Maruti was established as an Indian Government Company in February 1981 with the objectives of modernizing the Indian automobile industry, producing fuel-efficient vehicles to conserve scarce resources and producing indigenous utility cars for the growing needs of the Indian population. Maruti is one of the India's leading automobile

manufacturers and the market leader in the car segment, in terms of both volume of vehicles sold and revenue. A little more than 18% of the company in 2005 was owned by the Indian Government, with 54.2% owned by the Suzuki of Japan. The Indian Government held an Initial Public Offering of 25% of the company in June 2003. The introduction of the Maruti in 1983 with its joint venture partner Suzuki provided the latest technology, more fuel-efficient cars, as well as Japanese management practices for increased efficiency, and higher productivity at lower costs that brought down the prices of cars in India. This marked the beginning of a revolution in the Indian automobile industry and led to the development of a market for various car segments as the Indian middle class grew in size. With the liberalization of the Indian economy in 1991, the market experienced intense competition with local Indian players such as Telco, Hindustan Motors, Mahindra & Mahindra, and foreign players such as Daweoo, PAL, Toyota, Ford, Mitsubishi, and GM. The entire auto industry structure in India witnessed a change in the last 5 years, which resulted in declining profits and market share for Maruti. At the same time, the Indian Government permitted foreign car producers to invest in the automobile sector and hold majority stakes. Maruti, bracing for this competition (Som 2007), remained the leader not only in terms of market share but also in customer satisfaction surveys. Maruti in 2002 was a \$1.5 billion company producing over 370,000 vehicles per year out of a total of 1.2 million cars produced in India.

In the wake of its diminishing profits and loss of market share during 1999–2001, Maruti initiated a re-design to cope with India's liberalization process and competition in the Indian market. Maruti is an example of an organization with strong fundamentals (unlike that of Mahut Group). When the environment was favorable in the pre-liberalization era, Maruti was the market leader in a seller's market. The orientation of the top management was toward high-volume production and cutting-edge technology, obtained from Japanese partner, Suzuki. Maruti practiced the Japanese work culture of open offices, a common canteen, uniform dressing for management and workers, etc. Maruti's compensation structure was the best in the industry. With liberalization, Maruti faced intense competition and turbulence in its environment. It was not geared to face the ensuing competition. Uncertainty prevailed for 2 years in the organization (1997–1999) due to negotiations between the Indian Government and its Japanese partner. This was the crucial phase of transition when the automobile sector in India saw an influx of foreign competitors in the market. Re-design mechanisms such as differentiation were strong but integration mechanisms were weak at Maruti. Innovative HR initiatives and interventions were practically absent as the Japanese management practices assumed the well-being of its employees through its normal work practices. The HR department was seen as the 'paper pusher' and was merely delegated to administrative functions. Organizational re-design started in early 1999 and continued till 2005. Proactive steps were taken to strengthen integrative mechanisms and introduce innovative HR functions, such as hiring professional HR managers, empowering HR, and making it responsible for internal communication and relations with the union, creating a compensation policy that catered to the growing needs of the market, and building team spirit and group culture among the employees. This was a move away from the traditional Japanese management practices but a convergence toward a 'hybrid' model between Japanese and Indian value systems.

Renault

Renault is the parent company of the Renault Group and the principal operating entity for passenger cars and light commercial vehicles. It is the leading brand in Western Europe in the passenger and light commercial vehicle market. It is worth \$50 billion, is the fourth largest car manufacturer in the automobile sector through its alliance with Nissan Group of Japan and its acquisition of the Dacia and Samsung brands. Renault acquired a 36.8% stake in Nissan in 1999, increasing its stake to 44.4%. At the heart of the Group's activities (accounting for 79% of total consolidated revenues), is the Automobile Division which designed, produced, and marketed passenger cars and light commercial vehicles, as well as agricultural machines (Renault Agriculture). In 1999, Renault Agriculture SA acquired a 20% stake in International Tractors Limited, a tractor manufacturing company based in Hoshiarpur in Northwestern India, which it subsequently divested. Subsequent to that in 2005, it signed a JV partnership with Mahindra & Mahindra to produce its Logan model in India.

Renault began its re-design process in early 1997, just prior to its alliance with Nissan, which was announced in March 1999. The aim of this re-design was to be profitable and competitive. The re-design process was initiated to flatten the group's management hierarchy, to improve decision-making process and its implementation, and to find a relevant structure to leverage all the synergies made possible by the alliances. HR took key initiatives in the re-design process.

The priorities of the HRM department were threefold in the European context (Tregaskis and Brewster 2006; Lazarova, Morley and Tyson 2008). First, developing HR managers who would play a strategic role in the organizational re-design program. Second, building an international organization and, third, becoming more people oriented by addressing the needs of professionals working within the group. To achieve these priorities, the Corporate Secretary General played the key role and initiated implementation of innovative HR practices in managing and motivating employees through social relations and negotiation with the unions. Observation showed strong interaction of innovative HR practices in tandem with inherent re-design mechanisms. Cross-functional groups and committees and involvement of HR advisors (HRAs) in all divisions translated the strategic role of HRM and its effective functioning at Renault. The HRAs were responsible for assessing and monitoring recruitment policies, recruiting bilingual and foreign-educated managers for an internationalization program, coordinating and optimizing retraining and redeployment of employees, monitoring career assignments in terms of mobility, implementing 360° performance appraisal and summarizing assessments and judgments for stock-option plans. These were all new initiatives that were formalized together with differentiation and integration mechanisms. For example, the HR department introduced new career committees whose role was to review positions of responsibility within the company and assess the contributions of the incumbents. Second, two new initiatives, training for mobility and training for internalization, were introduced in the Group to manage diversity across work teams. Moving away from fixed salaries and time-bound promotions, Renault introduced a performance management system that included a variable performance-related component based on individual and group targets. Renault also introduced a database management system in early 2000, known as French Base Personnelle Unique (BPU). BPU is a new state-of-the-art global system for managing HRs throughout the group. It is gradually being phased in at all levels and countries; this employee database took into account differences inherent in each country, giving users a clear view of training, salaries, and reports. The role of the HR department in the re-design

process was to respond to the united contribution of the innovative HR practices during the re-design process, anchor the objectives of agility in the HR functions to support significant reduction in budget, reduce the functional problems between different departments and different levels of personnel management, and cement the future changes in the organization of the group. The central HRM policies were implemented by the HRAs throughout the organization and were responsible for feedback to top management to align the HRM policies with that of the overall re-design strategy of the organization. The re-design efforts yielded results of reducing costs, improving productivity and profitability, streamlining and aligning the re-design initiatives, and adapting to a changing qualification, diversity, and cultural orientation of personnel within the Group. The success of the re-design within Renault became one of the key cornerstones for the success of the Renault–Nissan alliance. Table 3 depicts a snapshot of the findings from the four case studies.

Discussion

Based on the findings from the four case studies in two industries within the context of a developed economy and an emerging economy, we hypothesized that during changes in socio-economic and institutional changes organizations, a change process would be undertaken and that two dimensions, notably re-design mechanisms and innovative HRM practices, may account for the variations in the success or otherwise of the change process. Organizations face changes in this environment that are external to the firm. But the re-design mechanisms and the innovative HRM practices that it adopts are internal choice of the organization. How it aligns its re-design mechanism with its HR practices is a strategic choice of the organization. For example, in Lafarge and Renault, there was strong top-management support and buy-in from the line managers who were at the forefront of implementing the re-design mechanisms along with the innovative HRM practices, while Maruti was a late mover in aligning itself to the hyper-competitive environmental pressures and strayed in the initial stages of the re-design mechanisms. In case of Mahut Group, the re-design was initiated by the top management but there was little evidence of buy-in from the line managers and the implementers of the re-design process together with supporting innovative HRM practices.

In addition, adopting innovative HRM practices during a change process that might have arose from broader institutional and socio-economic liberalization macro-policies helps in reinforcing and cementing the re-design mechanisms. For example, changes in the national government policies in France and India led Renault and Maruti to actively pursue adoption and implementation in innovative HRM practices. Together with the communication of their vision and re-design process, both organizations were developing specific, actionable HR practices to support the re-design process. The changes in cement regulation helped Lafarge to be one step ahead in informing its employees about ongoing financial conditions in its business and how each employee added value to its operations. This was manifested with its adoption of Economic Value Added (EVA) as a financial performance indicator, together with the alignment of a compensation–performance relationship that focused on long-term bonus and a significant increase in the maximum bonus percentage to allow differentiation between average and excellent performances. Mahut, on the other hand, missed out on the alignment of HR opportunities, thus depleting its re-design choices.

In summary, it is posited that, to brace environmental change and be successful, organizations have to effectively orchestrate re-design mechanisms and innovative HRM

Table 3. Summary of re-design initiatives and innovative HRM practices in four organizations.

Organization	Revenues (operating income in million Euros)		No. of employees	Re-design mechanisms	Adoption of innovative HRM practices
	1999	2005			
Mahut group (cement companies)	-	-	15,000	<ul style="list-style-type: none"> - Planned to synergize brands - Planned to re-define organization structure - Planned to improve decision-making by means of articulated external and internal communication - Cultural integration not successful - Weak control systems 	<ul style="list-style-type: none"> - Planned to define new roles and re-define old ones – not effective - Redeployment policy to optimally utilize human resources – not effective - Recruitment of professionals – effective - Interaction and team work between cross-functional teams – not effective - Compensation not re-vitalized vis-à-vis industry norms - HR did not play an effective role in the change process
Maruti Udyog Ltd (owned by Suzuki Motors Ltd, Japan)	1084	2690	3355	<ul style="list-style-type: none"> - Market information shared between all units - Vertical integration of decision-making process - Enhanced monitoring and information seeking mechanisms - Change in mission statement - Change in leadership - Adoption of a hybrid (Japanese–Indian) management style 	<ul style="list-style-type: none"> - Role of HR re-defined: from ‘paper pusher’ to ‘facilitator/change agent’ - Hire professional HR managers - Training and retraining in soft skills with job rotation - Make HR responsible for internal communication and relations with Union - Creation of an innovative compensation policy - Introduction of mid- to long-term career planning

Table 3 – continued

Organization	Revenues (operating income in million Euros)		No. of employees	Re-design mechanisms	Adoption of innovative HRM practices
	1999	2005			
Lafarge	6400	16,000	80,000	<ul style="list-style-type: none"> – Re-designing organizational and reporting structure – Focusing on decentralization while integrating SBU across the globe – Communicate ‘Lafarge Way’ and ‘Principles of Action’ with French roots – Introduction of collegial, cross-functional teams 	<ul style="list-style-type: none"> – ‘Meet the Group’ Induction program – Official dual language – Revamping training and retraining across the Group – On-line internal and external recruitment and mobility – Expatriation and high-potential management – Integrating performance management system with personal development plan – Introduction of 360° appraisal – EVA, long-term bonus, variable percentage of bonus linked with stock-option plan – HR Head in the Executive Committee of the Group – Official dual language – Human resource advisors for assessing, monitoring, coordinating, etc. department wise – New recruitment after decade of hiring freeze – New career committees – International deployment of staff – Revamped and re-aligned performance appraisal system with an introduction of 360° appraisal with stock-option plan – Negotiating and implementing 35 – h work rule
Renault	37,592	41,338	126,584	<ul style="list-style-type: none"> – Called it ‘radical transformation’ – Creation of ‘Service’ and ‘Distribution Project’ departments – Flatten hierarchical layers – New Group Executive Committee – Cross-company and cross-functional teams initiated – Joint platform for vehicle engineering, streamlining – of powertrains, joint procurement, and joint distribution initiated – Investor relations and communication strengthened 	

practices. The re-design mechanisms and innovative HRM practices have to be aligned for changes to take effect. To implement and cement these changes, professional HRM practices have to be placed within the infrastructure of re-design mechanisms to ensure collaboration and emphasis on corporate vision and core values, inclusion of challenging job opportunities, retraining for skill and competency building, motivating through open and fair performance appraisal and reward systems, redeployment with job rotation, and change in the overall mindset toward a flexible organization that is ready to cope with change.

Hence, it is proposed:

Proposition 1a: The higher the environmental turbulence, the greater the necessity to emplace re-design mechanisms and adopt innovative HRM practices.

Proposition 1b: The higher the environmental turbulence, the greater the necessity to align the re-design mechanisms with innovative HRM practices to cement the changes.

The HRM philosophy during the re-design process must balance the continuum of strategic focus and operational focus, as well as systems and people (Ulrich 1997). Lafarge, with its French roots, focused its HRM more as a strategic partner and a change agent during the re-design process. Renault focused its HRM as an administrative expert while being an employee champion. And in India, Maruti tried to shift its HRM focus from an administrative role to that of a strategic partner, while Mahut grappled with how to integrate its HRM functions.

The issue of contingent approach raises questions that are particularly important for comparative studies across cultures. Hofstede (1991) notwithstanding, most comparative studies continue to assume that culture plays a crucial role in managerial decision-making and strategic choice of actors in an organization. In this study, the issue goes beyond one of factoring 'culture' as an explanatory variable. For example, Lafarge and Renault, both with French roots, would portray relatively similar power distance, higher uncertainty avoidance, relatively similar individualism, and masculinity compared to India. It is interesting to note that the logic of environmental turbulence and the related measures of re-design mechanisms span across cultures and might not be considered a key factor as most comparative studies might suggest. The methodology of deliberately choosing a two-by-two framework of industry, companies, and country leads us to conclude that though there might be an overarching 'cultural' explanation, it might not be the key variable to understand the differences (Gopinath 1998; Meschi and Metais 1998; Chatterjee and Pearson 2000). The direct and indirect effects of cultural difference may not change the causal structure of the phenomenon, but may change the overall level at which it is meaningful to aggregate theory.

From the contingency theory perspective, the study finds support that there is evidence that synchronized deployment of differentiation and integration mechanism as a response to high levels of environmental uncertainty is associated with organizational performance. The study also finds support from Delery and Doty (1996) where they test the contingency theory by positing Miles and Snow's (1978) theory of strategy, structure, and process in a way that firms that are highly innovative are considered prospectors, firms that are moderately innovative are considered analyzers, and firms that rarely innovate are considered defenders. In our study, examples of prospectors would be Lafarge and Renault, an example of an analyzer would be Maruti, and a defender would be Mahut. Thus, the strategic positioning of the organization could be characterized by the single

contingency variable of innovation and its implementation by way if re-design mechanisms and innovative HRM practices.

From the agency theory perspective (Eisenhardt 1988) the analysis leads to similar findings. In agency theory terms, the organization would simply be aligning the interests of the employer (principal) and the employee (agent). Organizations that do a better job of aligning these interests will achieve superior performance. In this study, Lafarge and Renault started this alignment more ahead than Maruti and Mahut. For Maruti, strained relationships for a while between the Japanese owner, Suzuki, and the Indian Government possibly created the confusion, while for Mahut Group, it was clearly misalignment between the owner (family) and the top management.

The investigation of two organizations in France and two organizations in India offered an opportunity to compare two locations that differ in their degree of institutional constraint and are context dependent (DiMaggio and Powell 1983). It clearly indicated that institutional constraint is not the sole source of isomorphism among firms and neither is the convergence–divergence debate. The alignment of firms' strategies to change in environmental policies cannot therefore be explained as a simple unidirectional process. It is perhaps the alignment within the re-design and innovative HR mechanisms that are emplaced within the organizations that can lead to sustained advantage.

Limitations

The primary limitations of the study are as follows. First, all organizations investigated were large multi-nationals, the French firms headquartered in Paris and the Indian firms headquartered in India. Second, the choice of these four sample firms was very specific and not randomly generated. Third, the possibility of collaboration and referral bias among the multiple respondents, especially in relation to top management, HR, and line manager responses, within given units cannot be ruled out, and fourth, the analysis of the relationship between re-design, HR initiatives, and performance is exploratory and thus limited.

Due to this limitation the results are not likely to be generalizable, especially for smaller, medium-sized, and local firms. Of greater concern might be the choice of respondents during the two-phased process. The access to top management, HR, and line managers was decided by the HR department. Qualitative longitudinal research on re-design and HR mechanisms requires access to respondents within organizations, especially in light of the divergence in perceptions found between the top management, HR managers, and line managers. That this study has full support of the top management of the four firms' complete assurance of non-biased responses might not be evident though the study reported significant divergences between respondents that emerged in this study. With qualitative research contribution of this analysis might also be constrained due to the understanding and perceptions of the strategic role of re-design and the role of HR and function. The differences might be due to asymmetric information, a lack of communication, and perhaps sometimes a lack of interest among employees about these issues. The ongoing work is examining the contextual and contingent factors that contribute to such divergences in knowledge and perceptions.

Conclusions and implications

This article explored organizational response through innovative HRM practices and organizational re-design process in a cross-national context. Even though there is still much theoretical and empirical work to be done in this critical area of international

management, the two propositions represent an important step forward in linking innovative HRM practices and re-design mechanisms.

It is understood from the study that the demand for innovative HRM strategies and their role during a re-design process is contingent upon the external environment and derives from the strategic choice of the organization. It was observed from the case studies that the role of innovative HRM practices and its alignment with re-design mechanisms is probably the key to enhanced performance.

There are a number of important contributions. First, through this study it is acknowledged that for organizational response to be successful the critical role of innovative HRM practices and organizational re-design process is required. In hyper-competitive environments that result from changes in the macro-environments, innovative HRM practices, like any context-generalizable resource, have the potential to give an organization a competitive advantage in a globalized market. Identification of these innovative HRM and re-design mechanisms is a critical factor for improving the organizational performance. Given the very limited documentation of comparative HRM practices in a bi-country study of France and India, this study provided an insight of what can be the role of professional HRM that an organization should institutionalize and also provided an understanding of specific HRM issues in the Indian and the French contexts. It contributed to the theory development in HRM as a study of mechanisms and threw light on ways to professionalize HRM functions.

The propositions suggested that most re-design mechanisms and HRM practices can be logically linked to environmental turbulence, to whether or not innovation is a key driving force for the organizations, or to an interaction between these two factors. As Roberts (2004, p. 12) pointed out:

Achieving high performance in a business results from establishing and maintaining a fit among three elements: the strategy of the firm, its organizational design, and the environment in which it operates.

The second contribution from this study is that alignment of HRM practices and re-design mechanisms is perhaps a key to sustainable improvement in performance.

Third, through the in-depth case study approach, it could be shown that developed country organizations are ahead of emerging country organizations in the implementation of processes but the time-lag for implementation is closing fast as emerging country organizations are learning, and becoming agile and competitive not only in their home markets but also in global markets. This finds support in Khanna and Palepu (2006).

From a methodological point of view, the study contributes to a better understanding, through qualitative research, of just how organizations link HR systems to strategies would be invaluable. Breakthroughs in this area likely will result from direct contact with organizations rather than studying the existing literature. Contact with top managers and HR professionals also keeps the field of strategic human resource management (SHRM) grounded and sensitive to the changing needs of practitioners (Cascio and Aguinis 2008). This analysis, according to the above authors, should allow for modifications that will render the practice 'culturally fit,' given that 'understanding the HR-performance relationship essentially requires exploring the heterogeneities of implementation' (Khilij and Wang 2006).

In addition to its contributions to the HRM field, this study has implications for the general field of international management. For example, both French and Indian organizations undergoing re-design can benefit during the change process. At a national and societal level, a certain amount of variety has to exist for the adoption of innovations

such that society as a whole surge forward remain viable and be competitive. This is particularly true when there is environmental turbulence or when countries and societies are in the midst of rapid change. Viewed from this perspective, the re-design process and its implementation with innovative HR practices for large French and Indian organizations may well be a cause of concern for the organizations themselves as well as for the countries (Som 2009).

In conclusion, although it is well documented that human organization in the fields of international business is one of the key differentiators of organizational performance, the field of comparative research dealing with the role of innovative HRM practices and re-design is in its early stages of development. The results of this study are of relevance to both academicians and practitioners.

The propositions developed in this article represent an ongoing step in providing a theoretical and empirical research agenda that may offer researchers a better understanding of the link between organizational re-design and the role of innovative HRM for superior performance. For HR professionals and change managers, the study provides crucial information regarding the context-specific cross-national role of HRM during organizational re-design. Moreover, it throws light on the general notion of re-design and the role of HRM in emerging countries like India and how the professionalized HRM practices and re-design mechanisms can be aligned to meet the unique challenges international management offers.

Note

1. French investments in India to touch Rs 60,000 crore by 2012 (*Business Standard*, 20 July 2010).

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