INTERNATIONALIZATION PROCESS AND THE ROLE OF HUMAN RESOURCE MANAGERS: AN EMPIRICAL STUDY

ABSTRACT
OF THE
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BY
ZUHAIB AHMAD

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DR. FEZA TABASSUM AZMI

DEPARTMENT OF BUSINESS ADMINISTRATION
FACULTY OF MANAGEMENT STUDIES & RESEARCH
ALIGARH MUSLIM UNIVERSITY
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Abstract

Background of the Study

The present competitive business environment has led to massive restructuring in business organizations. Modern-day organizations are striving to maintain their competitive edge by effectively managing their human capital. Several researchers have highlighted the important role of human resource in the success of an organization (e.g. Boxall, 1994; Schuler, 1992; Storey & Sisson, 1994). Consequently, human resource researchers and practitioners have recognized the importance of strategic thinking vis-à-vis HRM (Brewster & Larsen, 1992; Brewster & Soderstrom, 1994; Budhwar, 2000; Fulmer et al., 2003).

These developments in HRM have significantly changed the roles of the HR professionals as well as the way people are managed. These changes have been mandated out of the growing need of business organizations to involve HR managers in strategic decision-making since human resource is seen as the most vital organizational asset (Kulik & Bainbridge, 2006; Lawler & Mohrman, 2000; Ulrich 1997). Many researchers have called for a new strategic role for the HR function (Martell & Carroll, 1995; Schuler, 1992; Sparrow, 2007).

Existing literature has highlighted an increasingly vital role that HRM plays in the context of internationalization (Brewster & Scullion, 1997; Harvey et al., 1999; Scullion, 1999; Scullion & Starkey, 2000). As far as internationalization of a firm is concerned, HR managers have an important role to play in both formulation and implementation of international strategies (Scullion & Starkey, 2000). This implies that HR professionals are at the centre of the organization today and are playing an important role in internationalization strategies.

Literature Review

Internationalization refers to the process of adapting a firm’s operations to international environments (Calof & Beamish, 1995). Traditional theories of internationalization conceived it to be a gradual process based on market knowledge acquisition to reduce the uncertainty linked with foreign involvement
(Johanson & Vahlne, 1977). Related studies suggest that internationalization resulted from a number of stages or management innovations that occur within the firm and that internationalization was incremental in nature where each stage of foreign involvement progresses from past experience (Bilkey & Tesar, 1977; Czinkota, 1982).

However, recent studies have identified a new approach to internationalization. This approach involves rapid internationalization and high-market commitment soon after a firm’s inception. McDougall et al. (1994) have emphasized that these firms have been found to possess a management team with an unusual constellation of competencies developed from previous experience and that are more alert at combining resources from different national markets. Knight (2000) also argues that international experience of these firms and their entrepreneurs influence the nature of strategy development within these firms. Management teams tend to possess some extensive international experience (Bloodgood et al., 1996; Madsen and Servais, 1997; Harveston et al., 2000; Nummela et al., 2004).

International orientation refers to managers’ attitudes towards international affairs and their flexibility to adjust to working with different cultures (Nummela et al., 2004). It is demonstrated through managers’ commitment to international markets, the presence of international business vision and proactiveness, as well as an overall focus on customer orientation (Knight, 1997; Moen, 2002). International orientation has been regarded as an important construct to measure internationalization of an organization. According to Knight (1997), companies that are involved in a rapid internationalization process tend to be more internationally oriented than those that are not.

Researchers have also found that internationally oriented managers can be described as having a positive attitude towards exporting and have experience in dealing with foreign markets (Dichtl et al., 1990, Nummela et al., 2004). Studies have also linked international orientation with the international performance of the firm (Knight, 1997, 2001).

Existing literature has highlighted the increasingly vital role of HRM in internationalization strategies (Brewster & Scullion, 1997; Harvey et al., 1999; Huselid, Jackson & Schuler, 1997; Scullion, 1999; Scullion & Starkey, 2000; Wright and Snell, 1998). To understand the dynamics of HRM during
internationalization process, the role of international human resource strategy and type of HR department is considered as important (Scullion & Starkey, 2000).

As suggested by Slater (2006), international human resource strategy is a major component of international orientation and regarded as the starting point for the formation of any type of HR practice or strategy. The selection and implementation of these policies play a crucial role in the company's international performance (Gomez, 1988; Michie & Sheehan, 2005). Likewise, type of HR department has been considered as an important domain of research in the context of HRM and internationalization process of the firm (e.g. Scullion & Starkey, 2000; Sparrow, 2007). The nature of HR department, whether centralized or decentralized, is regarded as an important variable as far as research in the area of HR function, HR roles and internationalization is concerned. As suggested by Sparrow (2007), the type of HR department directly affects HR policies and HR activities.

Scullion and Starkey (2001) also argue that corporate HR has a key role to play in the international firm and this can be understood by the nature of HR department (centralized/decentralized) since the roles of human resource managers are often influenced by type of human resource departments. In one of the studies by Monks et al. (2010), it was concluded that companies having centralized human resource departments often go for rapid internationalization process and target distant markets. On the contrary, companies having decentralized human resource departments often adopt slow process of internationalization and choose less distant markets.

In the context of internationalization and globalization, the roles of HR managers have gone in for massive transformation (Beatty & Shenier, 1997; Beatty & Ulrich, 2001; Bowen et al., 2002; Caldwell, 2003; Novicevic & Harvey, 2001; Scullion & Starkey, 2000). The changing role of HR managers is receiving the attention of several researchers (e.g. Azmi, 2008; Collings, 2006; Sheehan, 2005). Worldwide socio-economic developments, such as globalization, increasing speed in the service sector of the economy, changes in workforce demographics have challenged the HR function (Brockbank et al., 2002). Scullion and Starkey (2001) have stated that with the rapid pace of globalization the nature of role of HR is changing.
Recently, HR roles have been linked with HR effectiveness (Chang & Chi, 2007), status and firm performance (Long & Ismail, 2010). Researchers have shown keen interest in the kinds of roles HR professionals should play in order to add value to the firm’s performance (Huselid et al., 1997; Teo, 2002; and Boselie et al., 2004). Various typologies of HR roles have been presented by researchers (e.g. Caroll, 1991; Schuler, 1990; Storey, 1992; Tyson, 1987; Ulrich, 1997). Most of these typologies have emphasized the changing nature and evolution of HR managers’ roles from being administrative to graduating to a more strategic role.

The typology developed by Ulrich (1997) is widely accepted as the most comprehensive framework to illustrate the roles that HR managers are required to play. Ulrich (1997) uses two dimensions (people versus process and strategic versus operational) to highlight the roles by which HR managers can contribute to added value, as an administrative expert the HR professional designs and delivers efficient HR processes for staffing, training, appraising, rewarding, promoting, and otherwise managing the flow of employees through the organization. The deliverable from this role is administrative efficiency. As an employee champion the HR professionals encompasses their involvement in the day-to-day problems, concerns and needs of employees. The deliverables aimed at are increased employee commitment and competence. Change agent role focuses on managing transformation and change. The deliverable is aimed at developing a capacity for change. HR managers help employees to let go of old and adapt to a new culture. The strategic partner role focuses on aligning HR strategies and practices with business strategy. The deliverable is strategy execution. HR practices help accomplish business objectives.

The sum of the four roles equals business partner role which is actually a leadership role, but being an HR leader also has implications for leading the HR function, collaborating with other functions, ensuring corporate governance, and monitoring the HR community. This framework covers almost all the significant functions in the HR domain and is regarded as the most comprehensive framework and is used by many other researchers (Caldwell, 2003; Lemmergard, 2008; Raub, Alvarez and Khanna, 2006 etc.).
Research Gap and Study Rationale

Since liberalization, Indian organizations are dealing with issues of transformation and growth. The impact of restructuring, economic transition to an open market as well as increasing competition from internal and external sources has put pressure on business organizations to revisit their HR function and approach. The change from a regulated environment to a free market environment has direct implications for HRM practices in India (Krishna and Monappa, 1994; Rao, 1999).

Traditionally, as Bhatnagar and Sharma (2003) argued, HR managers were mainly paper-pushers, who handled administrative tasks associated with pay, benefits, hiring and so forth. After the initiation of economic reforms in 1991, business organizations realized the need to have HR function plays a strategic role. India is now considered as one of the most important emerging markets. India’s economy is expanding quickly and the country is becoming an important destination for multi-national companies. After liberalization and economic reforms in the early 1990s, dramatic changes were set in motion in terms of corporate mindsets and HRM practices (Budhwar, 2001). The paradigm shift in the economy has direct implications for HRM in India (Sharma & Khandekar, 2006).

There has been a marked shift in roles played by HR managers in Indian organizations as they become increasingly strategy driven. However, studies on changing HR roles in Indian organizations are scarce and very few researchers have explored the metamorphosing nature of HR roles in Indian companies (e.g. Bhatnagar & Sharma, 2005; Budhwar & Boyne, 2004; Singh 2003).

Moreover, it can be seen that the existing studies on role of HR managers in the context of internationalization have primarily been conducted in the Western world. India as a research terrain in this domain has largely remained neglected. Since Indian organizations are witnessing globalization on a massive scale, there is a need of a study that explores the roles of HR managers in the context of internationalization. Thus, the present study was driven by the desire to explore HR role during internationalization process in Indian organizations and there is a dire need to develop the sound model to measure HR roles during internationalization process in Indian conditions and test it through rigorous methodology.
Research Objectives

The primary objective of the study is to empirically examine the role of HR managers vis-a-vis the internationalization process of business organizations.

The above objective can be broken down into the following sub-objectives:

I: Developing measures of international orientation, international human resource strategy, type of HR department and HR roles.

II: Empirically establishing the unidimensionality, reliability and validity of the above measures.

III: Examining the relationship between international orientation and HR roles.

IV: Examining the mediating role of international human resource strategy in the relationship between international orientation and HR roles.

V: Examining the moderating role of type of HR department in the relationship between international human resource strategy and HR roles.

Research Instrument

The present study empirically explores the roles of HR managers during the internationalization process. For this purpose, research constructs and related items were identified from the extant literature.

The survey instrument contained items related to the following:

Independent Variables: International Orientation (IO)

Dependent Variable: HR roles
  ➢ Strategic Partner Role (SP)
  ➢ Administrative Expert Role (AE)
  ➢ Employee Champion Role (EC)
  ➢ Change Agent Role (CA)

Mediating Variable: International Human Resource Strategy (IHRS)

Moderating Variable: Type of Human Resource Department (THRD)

Control Variables: Organizational profile
  ➢ Sector (manufacturing/service)
- Ownership (public/private sector)
- Size/ number of employees (small/medium/large).

Respondents were also asked to mention their designation, experience in terms of years in the present position and total experience in the organization. The instrument utilized a 5-point Likert scale anchored with end points labeled as strongly agree (5) and strongly disagree (1). Only in case of measuring THRD construct, a five-point scale has been used with end-points labeled as decentralized (5) and centralized (1). Five-point Likert scale has been commonly used in HR research (e.g. Ahmad & Schroeder, 2003; Coggburn 2005; Gomez 1988; Khandekar & Sharma, 2005; Khilji & Wang, 2007).

The research instrument was developed in five stages:

**Stage 1: Identification of measures/constructs:** Study constructs/measures and items were identified from the extant literature to be included in the research instrument.

**Stage 2: Development of questionnaire:** A preliminary draft of the questionnaire was prepared keeping in view the constructs/measures identified above.

**Stage 3: Incorporating inputs from academicians and practitioners for face validity:** Draft questionnaire was reviewed by academicians and researchers in the area to ensure the translation validity (i.e. content and face validity) of the instrument.

**Stage 4: Pilot testing for ensuring content validity:** The questionnaire was pilot tested on ten HR managers to capture any ambiguities in questionnaire wording, structure and sequence of questions, layout and physical characteristics of the questionnaire and also to obtain feedback on the questions.

**Stage 5: Final structuring of the questionnaire:** On the basis of the pilot test, necessary changes were incorporated in question structure and wording to give the research instrument its final shape.
Sampling Technique and Procedure

Sampling Element: Respondents of the study were senior HR managers (one from each firm).

Sampling Unit: Sampling unit for the study were Indian companies having foreign operations.

Sampling Frame: The sampling frame for the study was derived from the annual ranking of companies in India published in Business Standard (2010)*.

Sampling Approach and Sample Size: In order to collect data from the companies identified through the above mentioned sampling frame, a census approach to sampling was used. All companies in the final sampling frame (i.e. 805) were contacted.

Research Hypotheses

In light of the research objectives, three sets of research hypotheses were considered:

Investigating the relationship between IO, IHRS and SP role during internationalization and analyzing the mediation and moderation effects of IHRS and THRD respectively.

\( H_{sp1}: \) International Orientation (IO) has a direct positive relationship with Strategic partner (SP) roles.

\( H_{sp2}: \) International Human Resource Strategy (IHRS) mediates the relationship between International Orientation (IO) and Strategic partner (SP) role.

\( H_{sp3}: \) The strength of relationship between International Human Resource Strategy (IHRS) and Strategic Partner (SP) role will be moderated by type of HR department.

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* Business Standard, India's leading business newspaper, provides latest news on stock markets, investing, companies, industry, banking, finance and economy-an independent research house-annually publish rankings of companies in India.
Investigating the relationship between IO, IHRS and AE role during internationalization and analyzing the mediation and moderation effects of IHRS and THRD respectively

**H\textsubscript{AE1}:** International Orientation (IO) has a direct positive relationship with Administrative Expert (AE) role.

**H\textsubscript{AE2}:** International Human Resource Strategy (IHRS) mediates the relationship between International Orientation (IO) and Administrative Expert (AE) role.

**H\textsubscript{AE3}:** The strength of relationship between International Human Resource Strategy (IHRS) and Administrative Expert (AE) role will be moderated by Type of HR Department.

Investigating the relationship between IO, IHRS and EC role during internationalization and analyzing the mediation and moderation effects of IHRS and THRD respectively.

**H\textsubscript{EC1}:** International Orientation (IO) has a direct positive relationship with Employee Champion (EC) role.

**H\textsubscript{EC2}:** International Human Resource Strategy (IHRS) mediates the relationship between International Orientation (IO) and Employee Champion (EC) role.

**H\textsubscript{EC3}:** The strength of relationship between International Human Resource Strategy (IHRS) and Employee Champion (EC) role will be moderated by Type of HR Department.

Investigating the relationship between IO, IHRS and CA role during internationalization and analyzing the mediation and moderation effects of IHRS and THRD respectively.

**H\textsubscript{CA1}:** International Orientation (IO) has a direct positive relationship with Change Agent (CA) Role.

**H\textsubscript{CA2}:** International Human Resource Strategy (IHRS) mediates the relationship between International Orientation (IO) and Change Agent (CA) role.

**H\textsubscript{CA3}:** The strength of relationship between International Human Resource Strategy (IHRS) and Change Agent (CA) Role will be moderated by Type of HR Department.
Findings and Conclusions

Data analysis was carried out using Structural Equation Modelling (SEM) in LISREL 8.50. SEM entails two interrelated steps: first, the estimation of the measurement model, which refers to the relationships between latent and observed variables, secondly the estimation of the structural model, specifying linkages between different latent variables (Anderson & Gerbing, 1988; Bollen, 1989 & Gerbing & Anderson, 1988).

Respondent Profile and Response Rate

The respondents of the study were HR specialists (one from each firm) with 42% of them occupied senior-level positions with considerable experience. The responding organizations represent a cross-section of industries; belonging to both public and private sectors.

The study received 11.65 % response rate (90 responses out of 805 companies contacted), which is acceptable when compared with similar other researches. Item completion rate was found to be a good 96.8 %. Evidence of response and non-response biases were not detected, hence, responses were considered as appropriate and representative of those surveyed. Common method bias was also not found in the survey.

Assessment of Measurement Model

Measurement model was assessed for unidimensionality, reliability and validity.

Scale Unidimensionality: Confirmatory Factor Analysis (CFA) using LISREL 8.50 was deployed to assess the unidimensionality of study scales i.e. International Orientation (IO), International Human Resource Strategy (IHRS), Type of Human Resource Department (THRD) and HR Roles viz. Strategic Partner (SP), Administrative Expert (AE), Employee Champion (EC), and Change Agent (CA). All scales were found unidimensional except THRD. CFA was performed in iterative runs to get a unidimensional model for THRD with better fits. A Goodness of Fit Index (GFI) of 0.80 or higher suggests that there is no evidence of lack of unidimensionality (Jöreskog & Sörbom, 2002) as given in Table 1.
Table 1: Fit Indices of the Study Scales

<table>
<thead>
<tr>
<th>Scale</th>
<th>Version*</th>
<th>GFI</th>
<th>NFI</th>
<th>NNFI</th>
<th>CFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>THRD</td>
<td>Original</td>
<td>0.68</td>
<td>0.53</td>
<td>0.50</td>
<td>0.58</td>
</tr>
<tr>
<td></td>
<td>Refined</td>
<td>0.89</td>
<td>0.80</td>
<td>0.70</td>
<td>0.80</td>
</tr>
<tr>
<td>IO</td>
<td>Original</td>
<td>0.95</td>
<td>0.96</td>
<td>0.90</td>
<td>0.97</td>
</tr>
<tr>
<td>IHRS</td>
<td>Original</td>
<td>0.85</td>
<td>0.80</td>
<td>0.78</td>
<td>0.81</td>
</tr>
<tr>
<td>SP</td>
<td>Original</td>
<td>0.90</td>
<td>0.94</td>
<td>0.74</td>
<td>0.93</td>
</tr>
<tr>
<td>AE</td>
<td>Original</td>
<td>0.88</td>
<td>0.90</td>
<td>0.80</td>
<td>0.90</td>
</tr>
<tr>
<td>EC</td>
<td>Original</td>
<td>0.97</td>
<td>0.98</td>
<td>0.98</td>
<td>0.99</td>
</tr>
<tr>
<td>CA</td>
<td>Original</td>
<td>0.83</td>
<td>0.85</td>
<td>0.65</td>
<td>0.82</td>
</tr>
</tbody>
</table>

*Note: Only the THRD scale was needed to be refined.

Scale Reliability: The scales were subjected to further tests of reliability and validity. Indicator reliability for most indicators was found to be acceptable (>0.50). Scale reliability was measured in three ways i.e. Cronbach’s coefficient alpha, and SEM-based construct reliability and variance extracted measures. All scales exhibited acceptable scale reliability as shown in Table 2.

Table 2: Reliability of Study Scales

<table>
<thead>
<tr>
<th>CONSTRUCT</th>
<th>CRONBACH ALPHA</th>
<th>CONSTRUCT RELIABILITY</th>
<th>VARIANCE EXTRACTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>THRD</td>
<td>.77</td>
<td>.79</td>
<td>.46</td>
</tr>
<tr>
<td>IHRS</td>
<td>.84</td>
<td>.96</td>
<td>.80</td>
</tr>
<tr>
<td>IO</td>
<td>.88</td>
<td>.89</td>
<td>.67</td>
</tr>
<tr>
<td>SP</td>
<td>.85</td>
<td>.85</td>
<td>.55</td>
</tr>
<tr>
<td>AE</td>
<td>.84</td>
<td>.85</td>
<td>.54</td>
</tr>
<tr>
<td>EC</td>
<td>.88</td>
<td>.89</td>
<td>.63</td>
</tr>
<tr>
<td>CA</td>
<td>.88</td>
<td>.88</td>
<td>.61</td>
</tr>
</tbody>
</table>

Scale Validity: The scale were also assessed for convergent and discriminant validities. All scales exhibited acceptable scale validities as shown in Table 3.

Table 3: Inter-item Correlations for Convergent and Discriminant Validity

<table>
<thead>
<tr>
<th>CONSTRUCT</th>
<th>THRD</th>
<th>IHRS</th>
<th>IO</th>
<th>SP</th>
<th>AE</th>
<th>EC</th>
<th>CA</th>
</tr>
</thead>
<tbody>
<tr>
<td>THRD</td>
<td>.08-.62</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>IHRS</td>
<td>.02-.43</td>
<td>.14-.80</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>IO</td>
<td>.01-.39</td>
<td>.08-.75</td>
<td>.46-.80</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SP</td>
<td>.01-.33</td>
<td>.09-.59</td>
<td>.06-.76</td>
<td>.25-.79</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>AE</td>
<td>.01-.41</td>
<td>.06-.66</td>
<td>.20-.67</td>
<td>.04-.69</td>
<td>.19-.75</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>EC</td>
<td>.01-.42</td>
<td>.02-.60</td>
<td>.14-.79</td>
<td>.15-.59</td>
<td>.09-.72</td>
<td>.39-.79</td>
<td>-</td>
</tr>
<tr>
<td>CA</td>
<td>.01-.42</td>
<td>.04-.67</td>
<td>.36-.78</td>
<td>.13-.70</td>
<td>.24-.65</td>
<td>.16-.78</td>
<td>.29-.81</td>
</tr>
</tbody>
</table>

Note: The values depicts lowest and highest value (range) of inter-correlations among items.
Assessment of Structural Model

The structural model was examined to test the hypothesized conceptual relationships viz. International Orientation (IO) as independent variable, International Human Resource Strategy (IHRS) as mediating variable, Type of Human Resource Department (THRD) as moderating variable and HR Roles viz. Strategic Partner (SP), Administrative Expert (AE), Employee Champion (EC), and Change Agent (CA) as dependent variables.

To begin with, the role of control variables was examined in the hypothesized relationships. For the present study, three dimensions of organizational characteristics were deemed to be control variables viz. sector (manufacturing/service), ownership (public/private sector), and size of the company (number of employees). As suggested by Green et al. (2006), the control variables were entered in a correlation matrix. None of the control variables were found to be significantly correlated with the study variables; hence, none of them were included in the structural model.

Three structural models for each role were tested. In the first model, the direct relationships between IO, IHRS and the respective HR role were assessed. In this, the indirect effects were also assessed through products of coefficients method suggested by Mustapha (2010). In the subsequent two models, moderation effect of THRD in the relationship between IHRS and HR roles was tested with the help of latent variable scores approach as suggested by Joreskog and Yang (1996).

Based on the path coefficients, the research hypotheses were tested. As detailed above, three models for each role were tested. Initially a basic model is tested to establish relationships between International Orientation (IO), International Human Resource Strategy (IHRS) and HR Role. Through this model, mediation effect is also tested. Further, two models were tested for moderation effect. Path coefficients are mentioned in all research models as given in exhibits 1-12.
The path coefficients for international orientation, international human resource strategy and strategic partner role are depicted in the above exhibits.
The path coefficients for international orientation, international human resource strategy and Administrative expert role are depicted in the above exhibits.
Exhibit 7: Model M3 (a) Path coefficients of IO, IHRS and EC Role

Exhibit 8: Model M3 (b) - IHRS, THRD and EC without Interaction Term

Exhibit 9: Model M3 (c) - IHRS, THRD and EC with Interaction Term

The path coefficients for international orientation, international human resource strategy and Employee champion role are depicted in the above exhibits.
The path coefficients for international orientation, international human resource strategy and change agent role are depicted in the above exhibits.
### Summary of Hypotheses Testing

<table>
<thead>
<tr>
<th>S.NO</th>
<th>HYPOTHESES</th>
<th>RESULT</th>
</tr>
</thead>
<tbody>
<tr>
<td>HSP1</td>
<td>International Orientation (IO) has a direct positive relationship with Strategic Partner (SP) role.</td>
<td>ACCEPTED</td>
</tr>
<tr>
<td>HSP2</td>
<td>International Human Resource Strategy (IHRS) mediates the relationship between International Orientation (IO) and Strategic Partner (SP) role.</td>
<td>NOT ACCEPTED</td>
</tr>
<tr>
<td>HSP3</td>
<td>The strength of relationship between International Human Resource Strategy (IHRS) and Strategic Partner (SP) role will be moderated by Type of HR Department.</td>
<td>NOT ACCEPTED</td>
</tr>
<tr>
<td>HAE1</td>
<td>International Orientation (IO) has a direct positive relationship with Administrative Expert (AE) role.</td>
<td>ACCEPTED</td>
</tr>
<tr>
<td>HAE2</td>
<td>International Human Resource Strategy (IHRS) mediates the relationship between International Orientation (IO) and Administrative Expert (AE) role.</td>
<td>NOT ACCEPTED</td>
</tr>
<tr>
<td>HAE3</td>
<td>The strength of relationship between International Human Resource Strategy (IHRS) and Administrative Expert (AE) role will be moderated by Type of HR Department.</td>
<td>NOT ACCEPTED</td>
</tr>
<tr>
<td>HEC1</td>
<td>International Orientation (IO) has a direct positive relationship with Employee Champion (EC) role.</td>
<td>ACCEPTED</td>
</tr>
<tr>
<td>HEC2</td>
<td>International Human Resource Strategy (IHRS) mediates the relationship between International Orientation (IO) and Employee Champion (EC) role.</td>
<td>NOT ACCEPTED</td>
</tr>
<tr>
<td>HEC3</td>
<td>The strength of relationship between International Human Resource Strategy (IHRS) and Employee Champion (EC) role will be moderated by Type of HR Department.</td>
<td>NOT ACCEPTED</td>
</tr>
<tr>
<td>HCA1</td>
<td>International Orientation (IO) has a direct positive relationship with Change Agent (CA) Role.</td>
<td>ACCEPTED</td>
</tr>
<tr>
<td>HCA2</td>
<td>International Human Resource Strategy (IHRS) mediates the relationship between International Orientation (IO) and Change Agent (CA) role.</td>
<td>NOT ACCEPTED</td>
</tr>
<tr>
<td>HCA3</td>
<td>The strength of relationship between International Human Resource Strategy (IHRS) and Change Agent (CA) Role will be moderated by Type of HR Department.</td>
<td>NOT ACCEPTED</td>
</tr>
</tbody>
</table>

Ulrich’s (1997) framework of the four key HR roles viz. Strategic Partner (SP), Administrative Expert (AE), Employee Champion (EC) and Change Agent (CA) role has been used in the present study. It is believed that nature of HR roles in the context of internationalization is affected by international orientation of an organization as well as international human resource strategy (e.g. Antila &
Kokonen, 2008; Gomez, 1988). Thus, these four roles were taken as the dependent variables and international orientation as independent variable in the context of internationalization.

An important conclusion that can be derived from the findings is that international orientation affects the nature of the role played by HR managers during internationalization. This finding corroborates with previous research evidences. The research models hypothesized in the study assumed the mediating role of international human resource strategy in the relationship between international orientation and HR roles (Antila & Kokonen, 2008; Gomez, 1988). The results of the structural models for mediation however, do not strongly support the hypothesized relationships. It was found that international human resource strategy was not a very strong mediator in the relationship between international orientation and HR roles.

The type of HR department is directly and indirectly responsible for influencing the roles of HR managers (Muritiba et al., 2010; Scullion & Starkey, 2000). Therefore the type of human resource department (viz. centralized or decentralized), as a moderator in the relationship between international human resource strategy and HR roles was also examined. It was found that THRD did not strongly moderate the relationship between IHRS and HR roles.

Thus, the findings of the present study reveal that international orientation affects international human resource strategy and nature of HR roles during internationalization process. However, there was a little evidence to support the mediating role of international human resource strategy and the moderating role of type of HR department in the relationship.

Limitations of the Study

Although efforts were made to carry on a research that was theoretically and empirically sound, the study does suffer from several limitations:

1. The study is based on a limited sample. Hence, the study might have suffered from small sample size related problems.
2. The study relied primarily on mail methodology of questionnaire administration. Thus the response rate was not very high as might have been if personal interview method had also been adopted.

3. The study could have been extended to foreign MNCs as well but due to time and distance barriers, only Indian MNCs were chosen for the research.

4. The study was cross-sectional in design, and hence suffers from the limitations associated with cross-sectional designs.

5. The study is based on quantitative research design. Although such a design has its own benefits, a qualitative research together with quantitative data could have enabled in generating more comprehensive and valid models. However, budget and time constraints did not permit this.

6. Additionally, with a larger database, a simultaneous test of mediator and moderator effects in the structural models could be performed. In this research, as the sample size is large, the tests of mediation and moderation were performed separately. Future empirical studies including both mediator and moderator effects in a single model could provide additional information about the relevance of HR roles during internationalization.

Future Research Directions

The following directions for future research may be pointed out:

- This study is carried out on Indian companies and hence it is relevant in understanding Indian dynamics. Similar studies can be carried out in different countries. Cross-cultural comparisons among different countries will help in understanding the HR roles existing in different work environments.

- The current study uses mail survey method. The methods for data collection can further be broadened. Researchers such as Podsakoff and Organ (1986) have suggested the use of multiple methods (such as experiments, personal interviews and case studies) to supplement mail survey data. Though the response rate of the present study was acceptable, a more direct assessment of the potential bias utilizing data from additional data collection methods and an intensive follow-up on
non-respondents would help strengthen the study. Future researches on bigger and more diverse samples may help generate more generalizeable results. Further research in this area might also include non-HR managers. Information from CEOs of a company, for example, could be obtained based upon their perceptions of the specific HR roles of their HR manager. This information would be vital, especially when taking into account the gap in the perceptions of both HR managers and their CEOs. This type of research would help HR professionals to look more perceptively into the possible expectations from their CEOs concerning their role as HR practitioners.

- The study is based on single cross-sectional design i.e. both the independent and dependent variables were measured on one occasion only. In order to establish a better linkage between international orientation, international human resource strategy and HR roles, a longitudinal study design may be adopted as it will more accurately capture the relationship between IO, IHRS and HR roles.

- The present study was intended at developing a reliable and valid instrument for measuring internationalization and dimensions of HR roles. However, the instrument has been tested in the Indian context only. Kelloway (1998) cautions that such scale modifications, which are empirically generated, must be cross-validated on other samples. The modified instrument calls for more studies in different settings, cultures and countries to further validate the scales.

This study confirms that all HR roles are important and continuously performed during internationalization process of the firm. This has opened up a promising line of inquiry. The methodological limitations in most existing studies warrant the need for more robust research frameworks and more rigorous methodologies. Future progress depends on using stronger research methods and designs that may necessitate large-scale and long-term researches with the collaboration between researchers, practitioners and government sponsoring agencies. Considering the gigantic changes sweeping the HR landscape, conducting such researches would be a significant contribution to the field.
This work is Dedicated to my beloved father .........
CERTIFICATE

Certified that Mr. ZUHAIB AHMAD, PhD scholar in this Department, has completed his thesis entitled "INTERNATIONALIZATION PROCESS AND THE ROLE OF HUMAN RESOURCE MANAGERS: AN EMPIRICAL STUDY" under my supervision.

To the best of my knowledge and belief, the research work carried out by him is based on the investigations made, data collected and analyzed by him, and has not been submitted in any other university or institution for the award of any degree or diploma.

(Dr. Feza Tabassum Azmi)
PhD Supervisor
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Zuhaib Ahmad.
Growth by international diversification is an important strategic option for both small and large firms. During recent years, an increasingly active role is being played by organizations in international markets. Internationalization of companies can be expected to gain further momentum because the world economy is becoming increasingly integrated with declines in government-imposed barriers and continued advances in technology.

In India the era of globalization was unleashed post 1990s as a response to the changing world dynamics. From its traditionally self-reliant stance, the country was integrated into a global economic system. For the Indian corporate world it meant a shift from a government-protected system to an environment where it had to contend with market forces. The new trend of internationalization had begun. The reforms had a positive effect on the Indian economy and India is now considered one of the largest emerging nations, having bypassed the Asian economic crisis.

As has happened globally, Indian industry is realizing that technology, IT infrastructure, large scale operations and capital are 'entry criteria' and not competitive tools anymore. The competitive edge will come from a company's ability to innovate, create and use the entrepreneurial energies of its people. In other words, people and their effective management is where Indian business will have to invest in, to stand up to its foreign counter-parts. This has put pressure on the Human Resource (HR) function to develop people to meet this challenge. In this context, the role of HR managers has changed significantly especially in light of increasing internationalization by business organizations. The paradigm shift in the economy has direct implications for HRM in India. There has been a marked shift in roles played by HR managers in Indian organizations as they become increasingly strategy driven.

The present study tries to understand the nature of the roles played by HR managers during the internationalization process of a company. It was observed that there is a paucity of research in the area of HRM and the internationalization process. In the
light of changing corporate dynamics and HR roles in the Indian context, an investigation into the role of HR managers during internationalization in the Indian context is an issue that merits serious research attention.

The present study thus, explores the roles played by HR managers vis-a-vis internationalization process of the firm in the Indian context. It delves into the relationship between international Orientation (IO), International Human Resource Strategy (IHRS), Type of Human Resource Department (THRD) and HR roles.

The thesis is organized in two sections. The first section includes the theoretical structure of the study and provides a review of the relevant concepts included in the research. This allows the formulation of a research model on the linkages between international orientation (IO), international human resource strategy (IHRS), type of human resource department (THRD) and HR roles which guides the formulation of the hypotheses. The second section presents the empirical research carried out and introduces the methodology employed, scope of the study, findings, conclusion and implications.

The thesis is divided into seven chapters:

Chapter 1 introduces the concepts related to the internationalization process, international orientation, international human resource strategy and nature of HR department and further delves into the recent changes in the HR roles. Rationale for the study, research objectives and research framework are also mentioned in the final sections of the chapter.

Chapter 2 deals with a review of the existing literature on the roles of Human Resource (HR) managers vis-à-vis internationalization process of an organization. Relevant literature is perused and discussed with respect to above mentioned research variables. Finally, literature dealing with roles of HR managers in Indian scenario is discussed.

Chapter 3 attempts to identify research gaps in the existing literature in the field. It also seeks to point out the problem areas existing in the literature.
Chapter 4 explores the need and objectives of the research. It also discusses the research design, methodology, research constructs, instrument development procedure, reliability and validity issues, sampling technique and method of data collection. This is followed by research hypotheses considered for the study along with specification of the conceptual research model.

Chapter 5 discusses the analysis plan followed in the present study. Further, it provides a description of the profile of the respondents and responding firms. The initial part of the analysis deals with the estimation of response rate, non-response bias and response bias. Thereafter, the measurement model and structural model fit are estimated and path analysis undertaken for testing of research hypotheses using Structural Equation Modeling (SEM).

Chapter 6 presents the conclusions of findings based on the analysis undertaken. Further, a discussion of these findings is undertaken in the light of previous researches and theories to examine the results of the present study.

Chapter 7 deals with a discussion of the implications of the present study. The implications have been categorized under two broad heads viz. implications for researchers and academicians and implications for practitioners. Thereafter, and the possible future directions for research have been suggested.

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Chapter Overview

This chapter introduces the concepts related to the internationalization process and international orientation. It also highlights the concept of international human resource strategy and nature of HR department and further delves into the recent changes in the roles and context of HRM vis-à-vis internationalization process of an organization. Rationale for the study, research objectives and research framework are also mentioned in the final sections of the chapter.

1.1. Internationalization Process and International Orientation

Internationalization refers to a state of growth and expansion in the global domain. The growth of a firm provides the background to internationalization (Buckley & Ghauri, 1993). Internationalization is gaining importance and has now become an important strategic issue for many companies. The decline in trade barriers and developments in new technology have been the two major drivers towards greater globalization. The decline in trade barriers enable companies to view the world as their market, rather than just looking at their domestic market (Borsheim & Solberg, 2004). They also stated that internationalization of firms is expected to gain further momentum because the world economy is becoming increasingly integrated with continued decline in government-imposed barriers and advances in technology. The investigation into factors that influence the choice regarding strategy and performance during internationalization is important to both researchers and business professionals (Solberg, 2002).

Internationalization process is normally categorized into two approaches viz. traditional approach or stages model and born global or new approach to internationalization (Crick, 2009). Traditional internationalization process theory builds upon the incremental process of a firm’s experiential learning in foreign markets to explain incremental accumulation of commitment to foreign markets (Johanson & Vahlne, 1977; 1990). Despite its intuitive elegance and enduring prominence in the international business literature, this knowledge-based process
theory or so called Uppsala Model has been challenged theoretically as well as empirically (Mellahi et al., 2005).

The present era of globalization, integrated with fast technological changes globally, has given birth to a new concept of born global firms in the internationalization literature. A body of literature exists concerning firms that internationalized soon after the start-up phase; these have largely been found to exist in technology-oriented industries although such behavior has been found in other industries too (Knight, 2000; Knight & Cavusgil, 2004; Moen & Servais, 2002; Oviatt & McDougall, 1994). Born-global firms have started international operations soon after their inception, thus circumventing the traditional incremental route to internationalization.

The study reviews existing literature on internationalization and argues that no single agreed theory exists to fully explain firms’ internationalization. Some other researchers also agree on this observation (e.g. Bell et al., 2004; Jones & Coviello, 2005). Therefore in grounding this study in the context of earlier work, it is important to recognize that no single agreed model exists to explain firms’ internationalization process. Various models have been proposed, each offering its own explanations of the way in which firms internationalize.

Apart from this an important theme in the context of internationalization of firms is international orientation (Gomez, 1988; Knight, 1997). International orientation of any company is important in determining the type and process of internationalization. In this regard, Spence and Crick (2006) observed that internationalization strategies and internal resource advantages can be developed in certain ways but a major influence is the international orientation of the management team plus the resources they are prepared to invest. This view has been supported by others too (e.g. Francis & Collins-Dodd, 1999; Reuber & Fischer, 1997; 2002). A related issue is that of entrepreneurial learning, that is, how the key decision maker or management team learns over time and this affects its international orientation (Nummela et al., 2004). Knight (1997) concluded that companies that are involved in a rapid internationalization process tend to be more internationally oriented than those are not.
Researchers have also found that positive attitude towards exporting and experience in dealing with foreign markets is also found in internationally oriented managers (Dichtl et al., 1990; Nummela et al., 2004). Gomez (1988) also regarded international orientation as an overarching construct that affects the internationalization process of a company and is considered as a major predictor of the extent and type of internationalization carried out.

In a study by Javalgi (2011), it was concluded that there exists a positive relationship between international market orientation and the degree of internationalization of the firm. It was also suggested that the upper management should prioritize promoting behaviors consistent with a positive international orientation, especially in turbulent markets.

Another behavioral factor to focus on is the development of an international vision, encouraging employees to see the world as one big marketplace. As suggested by Knight (2001) and Kuivalainen et al. (2004), a firm is an extension of the management’s orientation with regard to internationalization and entrepreneurial orientation and the attitudes and commitment of top management have been shown to impact a firm’s ability to enter global markets. The importance of top managers communicating their commitment to internationalization, as measured through their concrete behaviors, also aids in building a positive attitude towards internationalization, which has a positive relationship to the degree of internationalization.

Lloyd and Hartel (2004) opine that it is also important to note that an organization’s international orientation in its global operations may reflect the type of international human resource strategy (IHRS) an organization has adopted. Therefore in the light of above, it can be concluded that international orientation is an important construct in the context of internationalization process of the organization and it also has significant influence on international human resource strategy.
1.2. International HR Strategy and Nature of HR Department

Scholars such as Wright et al. (1994) and Barney (1991) have concluded that employees (in terms of their skills and behavior) are strategic resources that significantly contribute to sustainable competitive advantage. Both Porter (1985) and Barney (1991) provide an economic foundation for examining the possible role of human resources in firm’s competitive advantage. It is a basic assumption that the human resources constitute an important source of competitive advantage for the organization (Pfeffer, 1994; Storey, 1995; Wright & McMahan, 1992).

Research on internationalization of firms have often stressed on the internal resources of an organization, more specifically human resource, being responsible for the competitive advantage of internationalized organizations (Barney, 1991; Fulmer et al., 2003). Porter (1991) also stressed that human resource management is a key to obtaining competitive advantage during internationalization.

Internationalization is examined from different approaches, each tending to produce different perceptions of how advanced or pervasive the process is and the extent of its influence over human resource policies and practices (Sparrow, 2007). Thus, the role of international HR strategy assumes importance in the context of internationalization.

Many researchers argue that international human resource strategy affects international performance of the organization as in one of the study it is stated that the way these international human resource policies are selected and implemented has been proven to play a significant role in the company’s international performance (Gomez, 1988)

It is suggested that properly designed international human resource strategies serve as a source of competitive advantage, especially in companies where innovation is crucial (Michie & Sheehan, 2005). In one of the studies by Murtiba (2010), it was suggested that during internationalization process companies design HR strategies according to the level of internationalization and now companies design HR policies in order to globally select, train and retain people, not limiting themselves to domestic resources. Therefore, international HR strategy is taken as an important construct in this study.
It is also recognized that the effective implementation of international business strategies is strongly related to the ability of companies to develop appropriate international human resource strategies for the development of international managers (Bartlett & Ghoshal, 1989). Harvey and Novicevic (2003) also state that the primary activities of a global human resource manager involve selecting appropriate international human resource strategies, which influences the operating context of an organization, and providing a leadership role in the cultural change of the organization during internationalization.

Nature of HR department is also regarded as an important construct in understanding the dynamics of international human resource strategy and international HR roles. Nature or type of HR department (whether centralized or decentralized) affects the level of decision making and therefore decides the implementation process of HR strategies (Sparrow, 2007). Scullion and Starkey (2001) argue that corporate HR has a key role to play in the international firm and this needs to be understood in terms of the centralized/decentralized HR departments as the roles of HR managers are often influenced by type of HR departments.

Monks et al. (2000) also used type of human resource department as an important construct in understanding the process of internationalization and emphasize that a firm has to make many choices as far as HR policies during internationalization are concerned and therefore, in this decision making process, type of HR department plays a crucial role. One of the finding in Monks et al. (2000) is that companies having centralized human resource departments often go for rapid internationalization process and target distant markets. On the contrary, companies having decentralized HR departments often adopt slow process of internationalization and choose less distant markets.

Therefore, in the light of above studies, it can be safely concluded that nature of HR department is regarded as an important construct in research on HR roles in the context of internationalization. Type of human resource department affects in the implementation of international human resource strategy and further affects human resource roles. Gomez (1988) also explored international human resource strategy and international orientation in understanding roles of HR managers.
1.3. HR Roles vis-a-vis Internationalization

The globalization of business activities has created an increased pressure to link HRM with firm-level outcomes (Chadwick & Cappelli, 1999). The literature highlights the increasingly vital role of HRM in the internationalization strategies (Brewster & Scullion, 1997; Harvey et al., 1999; Huselid, Jackson & Schuler, 1997; Scullion, 1999; Scullion & Starkey, 2000; Wright & Snell, 1998).

The growing interest in international HRM redirects the growing recognition that the effective management of human resources internationally is a major determinant of success or failure in international business (Azmi, 2008). As far as internationalization of the firm is concerned, HR managers have an important role to play, many researchers explored the role of HR in this context (e.g. Scullion & Starkey, 2000; Welch & Welch, 1997).

In the era of globalization, the role of HR specialists has gained immense significance in HRM literature. More recently, it has also been argued that the rapid pace of internationalization and globalization leads to a more strategic role for HRM as well as changes in the content of HRM.

As globalization significantly changes not only the operating boundaries but also the symbolic context of the global organizations, the role of corporate HR is also changing as suggested by Beatty and Ulrich (2001), Caldwell (2003), Collings (2006), Novicevic and Harvey (2001), Scullion and Starkey (2001), and Sheehan (2005). In the past decade, discussion concerning the role of the HR function and of HR managers has been very active.

Several researchers have advocated that with this transition HR function is also transforming. The writings on “transitions” in human resource management (HRM) during the closing decades of the last century have been highlighted. Many researchers have explored the changing roles of HR managers (Bhatnagar & Sharma, 2005; Blancero et al., 1996; Conner & Ulrich, 1996; Caldwell, 2003; Dyer, 1999; Schuler, 1990; Storey, 1992). Sparrow and Hiltrop (1994) pointed several key developments, but most especially a detectable shift from traditional and specialist areas of HRM towards a broader concern with the strategic nature and impact on the HR role.
Schuler (1990) observes a shift in the role of HRM from the specialist staff function to the HR manager as business manager and part of the management team. He claims the following roles became more prominent in the 1990s viz business person, shaper of change, consultant to the organization, strategy formulator and implementer, talent manager, assets manager and cost controller. Caroll (1991) also envisages a shift in HR roles, as a consequence of the more pronounced links to business needs and a greater requirement to contribute to organizational effectiveness.

In the present study, HR roles are examined in the context of internationalization of the firm and for that purpose the role model proposed by Dave Ulrich (1997) has been used. This framework has been used in many researches (e.g. Caldwell, 2003; Chang & Chi, 2007; Friedman 2007) and has a great relevance in the HRM literature.

The typology developed by Ulrich (1997) also uses two dimensions (people versus process and strategic versus operational) in order to highlight the following roles by which the HR managers can contribute to added value:

(1) **Administrative Expert**: In this role, the HR professional designs and delivers efficient HR processes for staffing, training, appraising, rewarding, promoting, and otherwise managing the flow of employees through the organization. The deliverable from this role is administrative efficiency.

(2) **Employee Champion**: The employee contribution role for HR professionals encompasses their involvement in the day-to-day problems, concerns and needs of employees. The deliverables aimed at are increased employee commitment and competence.

(3) **Change Agent**: This role focuses on managing transformation and change. The deliverable is aimed at developing a capacity for change. HR managers help employees to let go of the old and adapt to a new culture.

(4) **Strategic Partner**: The strategic HR role focuses on aligning HR strategies and practices with business strategy. The deliverable is strategy execution. HR practices help accomplish business objectives.
The typology developed by Ulrich (1997) is considered as a comprehensive framework for understanding the roles and contributions of HR managers. However, empirical researches based on this model are scarce in India. Therefore, this is identified as a research gap which the present study seeks to bridge.

1.4. Rationale for the Research

A substantial body of literature exists in the area of internationalization of the firm (Bilkey & Tesar, 1977; Czinkota, 1982; Johanson & Vahlne, 1977), but there has been a paucity of research in the area of Human Resource Management (HRM) vis-a-vis internationalization process of the firm. Scullion and Starkey (2000) also argued that some writers (e.g. Miller, 1987; Schuler, 1984) are more concerned with the question of what role human resource management should play in the strategic planning process while the reasons for the existence of corporate HR function and the actual roles performed have been neglected, particularly in the context of the international firm.

Although there has been considerable number of studies which deals with other dimensions of human resource management during internationalization process (Adler & Ghadar, 1990; Brewster & Scullion, 1997; Harvey et al., 1999), but both theoretical discussions and empirical researches that build on roles of human resource (HR) managers in the context of internationalization are scarce. As the review of literature suggests that, there are several studies on changing role of HR managers. Bhatnagar and Sharma (2003) argued that in the past personnel managers were mainly paper-pushers, who handled administrative tasks associated with pay, benefits, hiring and so forth. Personnel departments were usually isolated from the real work of the organization and were not included in the strategic activities (Fisher, Schoenfeldt & Shaw, 1997).

However, many organizations are developing new structural and cultural patterns to meet the competitive demands of the international market place. To use a traditional HR model in such firms and focus HRM exclusively on bureaucratic tasks would be inconsistent with these organizational strategies. As a result, a new strategic HRM view has emerged which focuses on strategic role of HR (Fisher, Schoenfeldt and Shaw, 1997).
Many researchers emphasized on transformation of HR role (Beatty & Ulrich, 2001; Beatty & Shniedler, 1997; Brockbank, 1999; Lawler & Mohrman, 2000; Schuler, 1990; Ulrich, 1997). However, there is a paucity of research on HR roles and their changing content during internationalization. On the other hand, there has been considerable number of studies which deals with other dimensions of human resource management.

However, there are numerous studies on roles of human resource managers but in different contexts as Welch and Welch (1997) examines the role of HR in initial stages of internationalization. Ulrich and Beatty (2001) examines the changing role of human resource managers from players to partners.

Soderberg (2006) described the roles played by the HR function and examine the effects of the roles enacted by the HR function on how the workforce were managed and integrated in the post-merger processes. Further, they analyzed issues influencing the changing roles played by the HR function in Nordea during the merger process.

Extensive literature review suggests that there is a paucity of research on the roles of human resource professionals in the context of internationalization as a whole. Some of the studies focused on mergers and acquisitions (Ruth et al., 2004; Pawne, 2005), some on early phases of internationalization (Welch & Welch, 1997), while others have focused on modes of entry to international market (Schuler, 2001). Therefore, through this study an attempt has been made to study the role of human resource managers during internationalization.

Although there are many researches on HR roles in the western context (e.g. Beatty & Ulrich, 2001; Caldwell, 2003; Ismail & Long 2010: Ulrich, 1997), the Asian countries have remained largely under-researched. For instance, Ding et al. (1997) found that managers in Chinese organizations had no part in the recruitment, selection and reward of employees. Party members controlled trade unions, and union officials’ duties were confined to resolving employee’s welfare and family problems. They had no role as employee representatives as there was no system of collective bargaining. The personnel department was in charge of administration, control, conformity, discipline, punishment and the personal file. A narrow role of HR was witnessed as compared with the UK, which typically includes recruitment,
selection, reward, performance management, training and employee relations. However, there are gradual changes taking place in the role of HR managers in these countries too.

In India, after the liberalization of economic policies, the increased level of competition by overseas firms has put a lot of pressure on the human resource function in domestic firms to prepare and develop their employees, so that these firms are able to compete with overseas firms in skills, efficiency and effectiveness (Budhwar & Sparrow, 1997; Krishna & Monappa, 1994; Sparrow & Budhwar, 1997; Venkata Ratnam, 1995).

The inclination of firms which have come under pressure from economic liberalization has been to look for an answer to human resource development rather than to human resource management (Ramaswamy & Schiphorst, 2000). Studies undertaken in India have shown a very low to moderate relationship between human resource management practices and internationalization. However, there is a paucity of empirical work in the Indian context to study the impact of internationalization on HRM.

India is now considered as one of the most important emerging markets. India’s economy is expanding quickly and the country is becoming an important destination for companies (Budhwar, 2001). After liberalization and economic reform in the early 1990s, dramatic changes were set in motion in terms of corporate mindsets and HRM practices.

In the light of above literature, it can be safely concluded that there has been a marked shift in the roles played by human resource (HR) managers in Indian organizations as they become increasingly strategy driven. Thus, the present study was driven by a desire to explore the nature of the roles played by human resource (HR) managers in companies operating in India and also to explore the structure of human resource department (whether centralized or decentralized) in these organizations and to understand the mechanics of these variables vis-à-vis internationalization process.
1.5. Objectives of the Study

Firstly, in this study an attempt is made to review the concept of Internationalization. In this regard an extensive literature review was made on internationalization, international orientation (IO), and different Modes of entry (MOE) and a classification of modes of entry is made on the basis of various classifications present in the literature. Modes are categorized as equity-based modes (wholly owned operations and equity joint ventures) and non-equity based modes (contractual agreements and export) Pan et al., (2000).

Second, to generally examining the literature in the area of Human Resource Management (HRM) in companies and specifically about the international human resource strategy, type of HR department and roles of human resource managers and after the proper literature review a conceptualization is made on IHRS and roles of HR managers.

The primary objective of the study is to empirically examine the role of HR managers vis-a-vis the internationalization process of business organizations.

The above objective can be broken down into the following sub-objectives:

I: Developing measures of international orientation (IO), international human resource strategy (IHRS), type of human resource department (THRD) and human resource roles (SP, AE, EC, CA).

II: Empirically establishing the unidimensionality, reliability and validity of the above measures.

III: Examining the relationship between international orientation, international human resource strategy and HR roles.

IV: Examining the mediating role of international human resource strategy in the relationship between international orientation and HR roles.

V: Examining the moderating role of type of HR department in the relationship between international human resource strategy and HR roles.
1.6. **Research Framework**

This initial part of the research includes the theoretical arguments and provides a review of the relevant literature. This allows for the formulation of the conceptual research model which guides the formulation of hypotheses. Further, it presents the empirical research carried out and introduces the objectives and research methodology, analysis and contributions of the study. The research framework followed in the present study is given in Exhibit 1.1.

**Exhibit 1.1: Research Framework**

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CHAPTER 2: LITERATURE REVIEW

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Chapter Overview

This chapter deals with a review of the existing literature on the roles of Human Resource (HR) manager vis-à-vis internationalization process of an organization. Relevant literature is perused and discussed with respect to internationalization process, international orientation, international human resource strategy and type of human resource department of business organization. The recent trends in Human Resource Management (HRM) in the context of internationalization are also discussed. Thereafter, literature related to the roles of HR managers is reviewed and the constructs used to measure HR roles are identified. Finally, literature dealing with roles of HR managers in Indian scenario is discussed.

2.1. Internationalization Process and Orientation: Conceptual Frame

Internationalization is a phenomenon researched extensively over the last few decades. Internationalization refers to the geographical expansion of economic activities over a national country's border (Mitja et al., 2006). Internationalization of organizations has traditionally been defined as “the process of increasing involvement in international operations” (Welch & Luostarinen, 1993: 156). Most academics still subscribe to the view that internationalization is more a work in progress, the boundaries of which are still hard to fathom (Sparrow, 2007). Aharoni’s (1966) work is considered important since it paved the way for other studies in the area of internationalization process of firms.

Internationalization theories tend to explain the process from different perspectives. Most researchers classify the internationalization models into two main categories viz. Behavioral Model (e.g. Anderson, 1993; Bilkey & Tesar, 1977; Johanson & Wiedersheim-Paul, 1975; Johanson & Vahlne, 1977, 1990) and Born Global Model (e.g. Knight & Cavusgil, 1996; Oviatt & McDougall, 1994).
Calof and Beamish (1995) suggest that internationalization is the process of adapting firm's operations (strategy, structure, resources etc.) to international environments. Earlier studies have found this to be a gradual process based on market knowledge acquisition to reduce the uncertainty linked with foreign involvement (Johanson & Vahlne, 1977). Under such circumstances, resources would be committed gradually in each market as knowledge increases. Firms would tend to first serve psychologically close markets and subsequently venture into far off fields as experience grows.

Related studies suggest internationalization results from a number of stages and internationalization process is incremental in nature where each stage of foreign involvement progresses from past experience (Bilkey & Tesar, 1977; Czinkota, 1982). The Uppsala model by Johanson-Paul (1975) also suggests that a firm's international expansion is a gradual and incremental process. According to the Uppsala model, internationalization is a product of series of incremental decisions. The incremental stages identified are as under:

1) Irregular exporting
2) Sales through agent
3) Establishing sales subsidiary
4) Manufacturing (through less complicated processes)
5) Manufacturing (through more complicated processes)

This approach to internationalization is known as behavioral approach and the models derived on the basis of this approach are known as behavioral models of internationalization. In theory, the pattern of gradually increased commitment should have been adopted by organizations, mainly due to their limited financial resources as well as their managerial inexperience in international activity. Thus, a risk-averse organization is expected not to commit resources to international markets (Buckley, 1989; Kaufmann, 1995).

However, over the past decades researchers have also witnessed that even small and young firms venture into foreign markets in very early in their life cycle (Isidor et al., 2011; Keupp & Gassman, 2009; Oviatt & McDougall, 1994; Rialp & Knight, 2005; Schwens & Kabst, 2008). These firms do not necessarily follow an incremental path but enter foreign markets at various steps of the establishment
chain by ‘leap-frogging’. They start by directly establishing an international joint
venture or a wholly owned subsidiary instead of first penetrating the foreign
market with export activities. According to the International New Venture Theory
(INVT) by Oviatt and McDougall (1994), leap-frogging is possible for young
emerging high-tech firms. These have been termed as born-global firms (Isidor et
al., 2011; Oviatt & McDougall, 1994; Rugman & Wright, 1999).

As discussed above the phenomenon of ‘born-global’ Small and Medium
Enterprises (SMEs) is becoming increasingly common (Rugman & Wright, 1999).
Most recent studies explicitly argue that the ‘born global’ phenomenon is, by
definition, a contradiction to the gradual process of internationalization model,
especially in the case of knowledge-intensive SMEs (Bell, 1995; Coviello &
Munro, 1997; Oviatt & McDougall, 1997; Shane & Oviatt, 1994).

In practice, studies show that that the home market frequently is negligible for
‘born global’ SMEs and that many sell their first product in foreign markets
(Almor, 2000; Almor & Hashai, 2001; McNaughton, 2000). Recent studies have
also identified firms that do not adopt a gradual and incremental approach but
instead exhibit rapid internationalization and high-market commitment soon after
inception (Crick, 2009). They are regarded as born global firms as these firms have
been found to possess a number of global characteristics but perhaps most
noticeably a management team with an unusual constellation of competencies
developed from previous experience and that are more alert at combining resources
from different national markets (McDougall et al., 1994).

Knight (2000) argues that an entrepreneurial orientation can be an important aspect
of strategy development within firms. Indeed, management teams tend to possess
extensive international experience and orientation (Bloodgood et al., 1996;
Harveston et al., 2000; Madsen & Servais, 1997; Nummela et al., 2004). It is only
natural therefore that researchers are increasingly focusing their attention on
theories and paradigms that may explain both phenomena (Liesch & Knight, 1999;
Nilsen & Liesch, 2000).

Further, it has been extensively highlighted in literature that internationalization
takes place through various modes of entry. When firms decide to enter a foreign
market, they are faced with a large array of choices of entry mode which can be
classified as exporting, licensing, franchising, joint ventures and wholly-owned operations (Mellahi et al., 2005). These modes can be classified into two main categories viz. equity-based and non equity-based (Pan-Tse, 2000). A natural hierarchy exists among these modes of entry. Equity modes are further split, at the next level of hierarchy, into wholly owned operations and equity joint ventures (EJVs), while non-equity modes are divided into contractual agreements and export.

Managers consider the critical factors at each level of the hierarchy, and they consider different factors at different levels of hierarchy while making internationalization decision. After deciding on equity or non-equity modes, managers then decide which specific mode within equity or non-equity to further consider. In other words, entry modes can be viewed as two major categories of equity-based modes (wholly owned operations and equity joint ventures) and non-equity based modes (contractual agreements and exports).

The interest in market entry mode choice originates from the theory of international investment. It was studied from different viewpoints by various researchers (e.g. Caves, 1974; Caves et al., 1960; Dunning, 1977; Southard, 1931). Wind and Perlmutter (1977) suggested that entry mode choice has a great impact on international operations and can be regarded as a frontier issue during internationalization. Root (1994) also argued that market entry mode choice is one of the most critical strategic decisions for Multinational Corporations (MNCs). It also affects future decisions and performance in foreign markets.

Each of the entry modes has its advantages and disadvantages, therefore multinational firms have to make trade-offs between control and risk when they decide on the most suitable entry mode strategy. Control and risk are the most important factors in the decision formula but deciding on the type of entry mode often go hand in hand. To obtain control, multinational firms must commit resources to, and take responsibility for, the management of its foreign plants. Anderson and Gatignon (1986) opine that more control requires high risk and vice versa.

Authors have recognized that the choice of mode of entry and process to be followed depends on international orientation of the organization (Brummelen &
Luppes, 2008; Nummela et al., 2004; Reid, 1981). International orientation of an enterprise is defined as the intensity of international connectedness of an enterprise in terms of the presence of trade (imports, exports both goods and services) or investments (inward and outward) and the degree of influence and control across borders (Brummelen & Luppes, 2008). International orientation refers to a firm's general attitude towards internationalization, thus representing an evaluative dimension. International orientation is regarded as an important component of internationalization process. The definition of internationalization process given by Lehtinen and Penttinen (1999) also covers the concept of international orientation and is occasionally applied in the context of internationalization process. Reid (1981) defined international orientation as a measure of the perceived difference between foreign markets and the home market space along economic, cultural, political, and market-strategic dimensions.

Manager's international orientation refers to the attitudes towards international affairs and their flexibility to adjust to working with different cultures. It is demonstrated through a manager's commitment to international markets, the presence of international business vision and proactiveness as well as an overall focus on a customer orientation (Knight, 1997; Moen, 2002). Companies that are involved in a rapid internationalization process tend to be more internationally oriented than those that are not (Knight, 1997). Researchers have also found that internationally oriented managers can be described as having a positive attitude towards exporting and have experiences in dealing with foreign markets (Dichtl et al., 1990, Nummela et al., 2004).

Researchers like Cherunilam (2004), Griffith and Simpson (2005), Knight (1997) and Maliranta and Nurmi (2004) have explored several dimensions of international orientation, such as the levels of imports, exports, investments, international trade and international performance of the firm. Studies have also suggested that international orientation of the entrepreneur and/or the management team plus the resources they are prepared to invest has a strong influence internationalization strategies of the firm (Francis & Collins-Dodd, 1999; Reuber & Fischer, 1997, 2002). Specifically, internationalization strategies include managers' international orientation (and risk assessment). Therefore, the internationalization process is not always as systematic as certain literature, e.g. the “stage” models, would suggest.
Internationalization can take place via planned or unplanned strategies depending upon the international orientation of the organization and does not always involve a forward moving and step-wise approach in overseas market activities (Spence & Crick, 2006).

Goedegebuure (2006) uses basic import and export characteristics to develop a typology of international orientation. International orientation is regarded as the preliminary stage before actual internationalization of any firm takes place. Javalgi (2011) also suggests that international orientation influences the firm's internationalization and affects the export performance of the firm positively, as it guides the entire internationalization process of the firm.

Gomez (1988) regarded international orientation as an overarching construct that affects the internationalization process of any company and is considered as a major predictor of the extent and type of internationalization carried out. Therefore, international orientation is regarded as an important variable in the present research too.

2.2. Internationalization and Human Resource Management

Internationalization as a process has been examined from different approaches, each tending to produce different perceptions of how advanced or pervasive the process is and the extent of its influence over human resource policies and practices (Sparrow, 2007). Several researchers have examined the increasing importance of Human Resource Management (HRM) issues in the context of internationalization (Boxall & Dowling, 1990; Scullion & Starkey, 2000; Wright & McMahan, 1992 among others).

Post 1990s, HRM has undergone remarkable changes. At the heart of the new approach was the belief that the management of people gives an organization a long-lasting competitive advantage (Barney, 1991; Pfeffer, 1994; Storey, 1995; Wright & McMahan, 1992). This led to a number of emerging trends. Firstly, HRM is clearly not simply the province of the human resource manager. Line managers play a critical role in HRM and, in fact, could be argued to be the main organizational exponents of people management (Lawler & Moharman, 2003). Second, HRM is firmly embedded in business strategy (Beer et al. 1984; Dyer &
Unlike the personnel manager, the human resource manager is part of the top level strategic team in the organization and HRM plays a key role in the achievement of business success and high performance (Boxall & Dowling, 1990; Chang & Chi, 2007; Guest, 1997; Schuler & Jackson, 1999; Singh, 2000). Third, the shaping of organizational culture is one of the major levers by which effective human resource management can achieve its objectives of a committed workforce (Budhwar & Khatri, 2001; Balasubramanian, 1995; Dwivedi, 1997). Thus, HRM today is concerned not only with the formal processes of the management of people but also with all the ways in which the organizational culture is established, reinforced and transmitted.

The shift from the traditional administrative role of the personnel function to the more dynamic notion of human resource management incorporates a new focus for those involved in the HR function. HR managers traditionally have not occupied a very significant position and HRM activities have often appeared to be disjointed and haphazard, giving little consideration to the organization’s strategy (Azmi, 2008). The revised role is characterized by an involvement in strategic planning and decision-making (Collins, 1987; Dowling and Boxall, 1994; Guest, 1987; Legge, 1995; Storey, 1995).

Recent developments have provided HR managers with the opportunity to move from their typecast role to strategic partners (Azmi, 2008). HRM ascribed itself an important role in realizing the strategic goals of the organization. HRM could be a key means to achieve competitive advantage in organizations (Barney, 1991). The contribution of HRM towards the firms’ performance and success is highlighted in the literature (Chang & Chi, 2007; Guest, 1997; Schuler & Jackson, 1999; Singh, 2000).

In the present era of globalization, internationalization of companies has become an important strategic issue. This has engendered the dire need to focus on human skills and competencies for greater internationalizing capability. Consequently, HRM has assumed significance as an important strategic function. Globalization of business activities has led to a growing need to link HRM with firm-level outcomes (Chadwick & Cappelli, 1999). The existing literature highlights the increasingly vital role of HRM in internationalization strategies (Brewster &
Scullion, 1997; Harvey et al., 1999; Huselid, Jackson & Schuler, 1997; Scullion, 1999; Scullion & Starkey, 2000; Wright and Snell, 1998).

Pucik (1992) suggests that globalization leads to a more strategic role for HRM as well as considerable changes in the content of HRM. Scullion and Starkey (2001) shed light on the changing role of the corporate HR function in the international firm and examine how this role varies between firms pursuing a global or transnational strategy and those pursuing a multi-domestic or multinational strategy.

There have been attempts to link HRM practices to internationalization strategies. Schuler et al. (1993) developed an integrative framework and Welch (1994) has also presented an integrated model which attempts to identify a variety of firm specific and situational variables which will impact on the HRM activities undertaken. There is a growing stream of research which argues that at the international level, the firm's strategic choices impose constraints or limits on the range of international HRM options (Scullion & Starkey, 2000). Some researchers link HRM staffing policy and practice to internationalization strategy (e.g. Edstrom & Galbraith, 1977), while others suggest linkages between the product life cycle stage/internationalization strategy and HRM policy and practice (e.g. Adler & Ghadar, 1990).

From another perspective, the need to relate HRM and internationalization strategy in the academic literature has increased due to resource-based theories (Barney, 1991; Prahalad & Hamel, 1990 etc.), which assume that HR is critical to attaining sustainable competitive advantage (Barney & Wright, 1998; Mueller, 1996). This implies that HR professionals are at the centre of the organization today and cannot be ignored when important internationalization strategies are formulated and implemented.

While internationalization strategy is a significant determinant of HRM policy and practice, it has also been argued that human resources are a strategic resource that should affect internationalization strategy formulation as well as its implementation (Harvey et al., 1999). Organizations are therefore, paying attention to the fact that human resource is an important and decisive factor during
internationalization process and its importance is increasing continuously with increased globalization.

In the context of internationalization, the vital role of International Human Resource Strategy (IHRS) has been identified as the key to attaining business goals (Gomez, 1988). IHRS can be understood as the overall HR philosophy of a company and the series of HR policies it adopts, such as retention, staffing, performance and compensation in the international context (Peck, 2007). The selection and implementation of these policies plays a significant role in the company’s international performance and serves as a source of competitive advantage (Gomez, 1988; Michie & Sheehan, 2005). International human resource strategy is a major component of international orientation and regarded as the starting point for the formation of any type of HR practice or strategy (Slater et al., 2006). Gomez (1988) also advocated that international human resource strategy affects HR functions and roles.

Maley (2011) uses a framework of four well-established HR strategies: international, multinational, global and transnational strategies, which were first identified by Bartlett and Ghoshal (1989). The influence of each strategy on the manager’s performance management system was investigated in a sector of the healthcare industry using a qualitative methodology. The model introduced by Bartlett and Ghoshal (1989) has been used in many other studies too (e.g. Bird, Taylor & Beechler, 1998; Dickmann & Muller-Camen, 2006; Kidger, 2002; Milliman, Glinow & Natham, 1991; Razi, 2006; Rosenzweig & Nohria, 1994; Taylor, Beechler & Napier, 1996; Wöcke, Bendixen & Rijamampianina, 2007; Young & Tavares, 2004) in order to understand the autonomy given to the subsidiaries when it comes to the design of HR strategies.

In one of the studies on international human resource strategy, Welge and Holtbrügge (1998) argue that an international human resource strategy includes vision and guidelines, process of recruitment, focus on human resource development through international networking and further educational opportunities, overseas assignments, introduction of cross-border career paths through internationally comparable policies for potential opportunities and performance evaluation based on international experience and performance. These
components of international human resource strategy are also considered in the study of Dowling et al. (1999).

Harvey and Novicevic (2003) stated that the primary activities of a global human resource manager involve selecting appropriate international human resource strategies, which influence the operating context of the global organization and provide a leadership role in the cultural change of the organization. Thus, international human resource strategy directs and guides the activities of human resource department. It can be seen as the blueprint of all the functions of human resource department to be performed in that period of time for which the strategy is made. Therefore, it is necessary to examine human resource strategy from time to time. Begley and Boyd (2000) also provide a checklist for examining international human resource strategy of a firm which includes examining relevance, adaptability, applicability, familiarity, clarity, commitment and boundaries of the cross border human resource strategy.

Evidence has emerged from the study by Maley (2011) that HR manager who worked for subsidiaries that were in the earlier stages of development (international and multinational HR strategy), perceived that their performance management failed to meet the behavioral criteria of acceptability and did not serve a useful purpose. In contrast, managers who worked for subsidiaries that were in the later stages of subsidiary development (global and transnational HR strategy) were more likely to consider that their performance management was acceptable and had a clear purpose.

HRM strategy used by MNCs may have a significant influence on the success of manager's performance management, which has been identified as a vital process for organizational competitiveness (Clause & Briscoe, 2009). As far as HR roles are concerned, international human resource strategy significantly influences HR roles during internationalization. Several researches have highlighted this relationship (e.g. Gomez, 1988; Slater, 2006).

The nature and type of HR department has also been considered as an important domain of research in the context of HRM and internationalization (e.g. Scullion & Starkey, 2000; Sparrow, 2007). The nature of HR department, whether centralized or decentralized, is regarded as an important dimension that affects HR function
and roles in an internationalized company. As Sparrow (2007) suggested, the type of HR department directly affects HR policies and HR activities. Kelly (2001) too examined the concept of decentralization in the context of the HR function.

Researchers have delved into issues of centralization/decentralization vis-a-vis the HRM function and its implications on the working of HR department (Ban, 1999; Kelly 2001). Decentralization is the linch-pin of ongoing HR reform efforts (Hays, 2001). While decentralization is by no means a new idea, the call for its adoption have been more resounding in recent years and continues to grow (Kellough & Selden, 2003). HR decentralization has moved from the realm of rhetoric to concrete administrative action. Evidence of HR decentralization abounds at all levels and in all kinds of companies (Ban, 1999; Cogburn, 2001; Donahue et al., 2001; Ingraham & Selden, 2002). On the basis of above studies, it can be concluded that type of HR department plays an important role in influencing HR strategies and roles.

Scullion and Starkey (2001) also argue that corporate HR has a key role to play in the international firm and this needs to be understood in terms of the dilemmas surrounding the tension between centralized/decentralized HR departments as the roles of HR managers are often influenced by type of HR departments. Secondly they also argued that many organizations operate with a centralized HRM strategy for top managers and a decentralized one for all other employees. Other researchers in this area (e.g. Purcell & Ahlstrand, 1994), too suggested that the role of HR manager is often influenced by type of HR department.

The debate on centralized and decentralized HR department has been the area of interest for many researchers in the past. Some have preferred decentralized HR departments over centralized, as Cogburnn (2001) points out that centralized HR departments are routinely derided for their rigidity, complexity, slowness and unresponsiveness. Managers operating in centralized HR settings often feel the human resources office is more concerned about enforcing rules than responding to their specific HR needs. They feel hamstrung by rigid classification systems that make it difficult to match employees with changing job requirements and by compensation rules that make it difficult to reward performance, they also concluded that decentralized HR is more effective and responsive because it affords managers the ability to tailor their HR programs to meet the agency's
specific needs. Such flexibility has been depicted as an integral component of strategic HR (Perry & Mesch, 1997). Hays (2001) also concluded that centralized public HR system has been outdated.

On the other hand, Purcell and Ahlstrand (1994) argue that the role of HR managers of decentralized departments is becoming increasingly ambiguous and uncertain. One of the main factors contributing to such role uncertainty and ambiguity is the increasing decentralization of the personnel function to divisional level. It was also suggested that the ability of the corporate HR function to influence management style/roles was weakened by the process of decentralization.

Monks et al. (2001) used type of human resource department as an important firm-specific factor in the context of internationalization. The research shows that firms have to make many choices as far as HR policies during internationalization are concerned and the type of HR department plays a crucial role in the decision-making process. A noteworthy finding of their research is that companies having centralized HR departments often go for rapid internationalization process and target distant markets. On the contrary, companies having decentralized HR departments often adopt slow process of internationalization and choose less distant markets. Murtiba et al. (2010) also considers centralization-decentralization approach of HR systems (includes HR departments and strategies) in his study and concludes that type of HR strategy and HR system (whether centralized or decentralized) has an impact on global integration of a company.

The above mentioned researches provide a strong basis to assume that HRM has an intrinsic role to play during a firm’s internationalization process. Further, international human resource strategy and type of HR department are important constructs in researches in this area. International HR strategy and nature/type of HR department play a significant role in framing human resource policies and influence HR roles during internationalization.
2.3. Roles of Human Resource Managers

According to the role theory (Katz & Kahn, 1978), organizations are open systems of roles in which each individual has its own role that is connected to the other roles played by other individuals. Roles are formed in role episodes, it implies that the roles played by an individual are based on how an individual sees his/her own role, but also how other members in the organization see it.

Truss et al. (2002) argued that the roles in organizations are maintained, at least in part, by the sets of role expectations held by other organizational members concerning what individuals or departments need to do in order to fulfill their roles effectively. This means that managers should perform well against the expectations of their roles in organizations in general. One of the most influential studies of managerial roles was undertaken by Mintzberg (1973). He used a descriptive diary method in observing senior managers at work and highlighted ten roles as the key to understanding the nature of managerial work. Similarly one of the first attempts at a categorization of roles of HRD specialist was made by Nadler (1970) in the USA. He identified two primary roles of the learning specialist – administrator role and the consultant role.

Changes in the nature of managerial work over the past two decades have had a profound and often disconcerting impact on the roles of HR managers and other functional specialists (Caldwell, 2003). In the past decade, discussions concerning the role of the HR function and of HR managers have been very active. Some researchers have examined ideal and actual roles of HR managers (e.g. Mcdermott & Keating, 2011), while others have explored the changing roles of HR managers (e.g. Bhatnagar & Sharma, 2005; Blancero et al., 1996; Conner & Ulrich, 1996; Dyer, 1999; Schuler, 1990; Storey, 1992). However, most studies have independently explored HR managers’ roles (Procter & Currie, 1999; Som, 2003; Truss et al., 2002; Ulrich, 1997).

Scholars have suggested various classifications of the roles of HR in companies (e.g. Evans et al., 2002; Legge, 1989; Schuler, 1990; Scullion & Starkey, 2000; Storey, 1995; Tyson, 1995; Wright et al., 2001). In the light of these studies, studies on HR roles can be classified as those focusing on traditional roles and the more recent ones focusing on emerging roles of HR managers.
2.3.1. Research on Traditional Roles of HR Managers

The role of HR managers and professionals has been a frequent subject of inquiry by researchers across the world. Discussions concerning the role of the HR function and of HR managers gained currency in the latter part of 20th century. It then became an important research theme across the world, especially in the Western context. Various researchers have explored different aspects of HR roles from time to time (e.g. Chiraprapha & McLean, 2001; Cleland et al., 2000; Millward & Stevens, 1986; Storey, 1992; Teo, 2002; Ulrich, 1997).

Research prior to 1990s has tended to identify only traditional HR activities (Hunt & Boxall, 1998). Mackay and Torrington (1986) found that HR managers most commonly engaged in industrial relations. Millward and Stevens (1986) also made similar conclusions. Finegold and Frankel (2006) reported that managers in other functional areas saw HR department as an impediment to organizational change, as they had no understanding of the strategic management issues.

Various authors have presented traditional typologies of HR roles e.g. Tyson (1987) distinguishes between three ideal types of HR roles.

- The clerks of works model
- The contract manager model
- The architect model

Four major roles have been identified by Gupta (1990). They are:

- Personnel Role: Carrying out routine personnel functions like selection, training etc. as well as advising line managers on effective use of human resources.
- Welfare Role: Managing canteens, employee welfare schemes, transports etc.
- Clerical Role: Keeping records of time, pay, incentive, performance etc.
- Firefighting Role: Grievance handling settling disputes bargaining joint consultation.

Carroll (1991) also identified certain important roles of HR managers. They are:

- Delegator: This role entails shifting some HR responsibilities to line management.
- Technical Expert: It talks about encompasses highly specific HR skill in certain areas.
- Innovator: HR manager recommend new approaches to solve problems.
Torrington (1979) also suggested mainly two roles for HR managers as:

- **Analyst of benevolence and**
- **Human bureaucrat**

Similar roles were introduced by Legge (1995) who called it as:

- **Deviant innovator and**
- **Organizational diagnostician**

During the 1970s, the personnel function fulfilled the role of ‘negotiator’ and administrator of policies and procedures in an era when industrial relations dominated the business climate (Legge, 1978; Tyson, 1987).

Traditionally, HR specialists were often regarded as occupying unenviable positions in the management structure of private-sector corporations. Carrying with them the burden of association with welfare workers of earlier years, HR managers were said to be hamstrung by ambiguous roles and low position power (Legge, 1978; Ritzer & Trice, 1969; Rubenowitz, 1968; Watson, 1977). Rubenowitz (1968) reported that most of the time, personnel managers were involved in procurement and pay related activities.

Legge (1978) referred to HR manager as the ‘conformist innovator’ who accepts the dominant utilitarian values within the organization. The 1980s saw the emergence of HRM as opposed to personnel management (Fombrun et al., 1984; Tyson, 1995) which advocates people management at the strategic ‘heart’ of the business (Tyson and Witcher, 1994; Tyson et al., 1994).

Typically, HR managers were seen to be performing mainly administrative and specialist responsibilities. Rao (1999) stated that human resource professionals performed mainly two types of roles, while meeting the requirements of employees and customers viz.

- **Administrative roles that includes roles like policy formation and implementation, housekeeping, records maintenance, welfare administration, legal compliance etc. and**

- **Operational roles that include roles that are tactical in nature, and include recruiting, training and developing employees; coordinating HR activities with actions of managers.**
Lately, there have been notable attempts to capture the changing nature of personnel roles in response to major transformations in the workplace and the rise in the status of HRM (Caldwell, 2003). This transformation in business scenario gave birth to many emerging trends and new HR roles some of them are discussed in the next section.

2.3.2. Research on Emerging Roles of HR Managers

Late 1990s and early twenty-first century saw a rise in the number of research evidences highlighting the changing nature of HR function and evolving roles of HR managers (e.g. Beatty & Ulrich 2001; Caldwell, 2003; Collings, 2006; Sheehan, 2005 among others). Although HR roles have been studied comprehensively by several researchers (e.g. Beer, 1997; Carroll, 1991; Dyer, 1983; Jackson & Schuler, 2000; Schuler, 1990; Tyson, 1987; Ulrich, 1997), a number of researchers have specifically explored the transformations that have taken place in these HR roles in recent times (Azmi, 2008; Beatty & Sheniener, 1997; Beatty & Ulrich, 2001; Bowen et al., 2002; Caldwell, 2003; Collings, 2006; Novicevic & Harvey, 2001; Scullion & Starkey, 2000; Sheehan, 2005).

A review of the literature brings to light a number of frameworks that highlight the evolution and development in HR tasks, skills and roles. It has been argued that changes in business contexts and philosophies have provided HR managers with the opportunity to become strategic partners (Dyer & Holder, 1988), playing the sorts of roles that help organizations meet their strategic needs (Schuler, 1992). HR roles are increasingly becoming strategic in nature (Beatty & Ulrich 2001).

Hence, the myth that HR’s job is the policy police and the health and happiness patrol is busted. HR’s job now encompasses the great deal of what was either ignored or given stepmother treatment or carried out by top management. During the closing decades of the last century, research on transitions in HRM pointed towards several key developments, but most especially a detectable shift from traditional and specialist areas of HRM towards a broader concern with the strategic nature and impact of the HR role (Sparrow & Hiltrop, 1994).

Over the years, HR role has assumed significance as an important domain of research. Studies on typology of HR roles have increasingly recognized the
emerging strategic roles of HR manager post 1990s. Dowling and Schuler (1990) have argued that the function has moved away from an administrative housekeeping role to one that makes a major contribution to strategic planning and design of the organization. This argument is in line with other researchers (e.g. Beatty & Ulrich, 2001; Caldwell, 2003; Collings, 2006; Lemmergard, 2006). Therefore, the focus of the HR managers must be on the strategic issues if they have to become a part of management of the organization in a more holistic sense (Jackson & Schuler, 2000).

In early 1990s, some researchers like Schuler (1990) provided insights into the already emerging roles of HR professionals. These roles were identified as:

- **Business Partner Role** (Knows all dimensions of business)
- **Shaper of Change or Change agent** (Can properly facilitate change)
- **Strategic Planner** (Plans and formulates strategies for the organization)
- **Talent Manager** (Manages human talent of an organization)
- **Cost controller** (Can control costs by allocating human resource properly)

Storey (1992) developed a typology of HR roles based on (a) Action orientation and (b) Strategic v/s tactical choices/considerations. These two dimensions lead to the following HR roles and as illustrated in Exhibit 2.1.

**Exhibit 2.1: Four Roles of HR Managers**

<table>
<thead>
<tr>
<th>STRATEGIC</th>
<th>NON-INTERVENTIONARY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changemakers</td>
<td>Advisors</td>
</tr>
<tr>
<td>INTERVENTIONARY</td>
<td>TACTICAL</td>
</tr>
<tr>
<td>Regulators</td>
<td>Handmaidens</td>
</tr>
</tbody>
</table>

The roles in Storey’s (1992) framework have become the basis for several research studies. The roles are:

- Handmaidens provided specific services on the behalf of line management, their attendant role was essentially reactive and non-interventionist (Abigail et al., 1997)
- Regulators were interventionists involved in the traditional and essentially tactical role of formulating, promulgating and monitoring the observance of employment rules and industrial relations policy
- As an advisor or internal consultant, HR manager actively offers senior management and line managers HR advice and expertise
- As change-makers, HR managers push forward processes of culture change and organizational transformation and act as interventionists with a strategic agenda focused on both the hard realities of business performance and the softer HR interventions designed to enhance employee commitment and motivation

The UK perspective in the 1970s and 1980s was developed under the Manpower Service Commission, a government body. The roles identified were mainly the trainer roles (Walton, 1999). Authors like Schuler (1990), Caroll (1991) discern a shift towards a more strategic, business-like approach and a more intensive relationship with line and top management. This is fully in line with all the writings on strategic HRM as encountered during that same period (Boselie & Pauwne, 2004). Lancourt and Savage (1995), while researching on transformation of HR roles found that organizational transformation has had a significant impact on the shape and responsibilities of the traditional human resources function. In some cases, the human resources function no longer exists as a distinct function. In others, it has remained intact, but its roles and responsibilities have been transformed in ways congruent with the larger organizational transformation.

A study by Marteil and Carrol (1995), in the American context, across 115 subsidiaries of Fortune 500 organizations, found that HR is increasingly playing a strategic role. Mardi et al. (1997) surveyed US companies to study the corporate role of their human resource departments to discover if this is changing, They
found that human resources is being linked to corporate strategy, while also reducing the overall cost of the human resource function and decentralizing some human resource areas to line managers.

Probably, the most widely acknowledged classification of HR roles is Ulrich’s (1997) definition of the four HR roles. Ulrich (1997) developed a framework comprised of four HR roles, which together enable the HR function to be a business partner in the organization. The HR function is believed to be value-adding due to its potential for creating organizational competitiveness. The adding of value by the HR function is based on the creation of competitive advantage, which enables the organization to compete over time (Conner & Ulrich, 1996; Ulrich, 1997). This is a simple and operational model of the multiple HR role frameworks that are needed in developing organizational effectiveness. The model given by Ulrich is given in Exhibit 2.2.

Exhibit 2.2: HR Roles Framework by Dave Ulrich

The model prescribes that HR practitioners engage in a set of proactive roles defined along two axes:

I. Strategy versus operations

II. Process versus people
The first axis reflects the demands of a current/operational/tactical versus a future-oriented/strategic orientation. The second axis consists of a focus on people on the one end of the axis, and a focus on process at the other. Ulrich's framework is the most popular framework on HR roles and is used widely by academicians in the HRM literature. It suggests that HR professionals are at least in part responsible for the following four roles in the organization:

**Strategic Partner:** The role of strategic partner is developed around a strategic focus on processes, and is focused on achieving strategic purpose and direction to achieve organizational goals. Consequently, this role is based on the outcome that the organization should be able to execute its corporate strategies through the HR function (Ulrich and Brockbank, 2005). Implicitly, Ulrich (1997, 1998) argues that the main purpose of the HR function is to deliver the best fit in tailoring HR strategies to organizational goals, rather than adopting a best practice.

**Change Agent:** The current business world requires top management to be flexible and always prepared to introduce change. HRM is responsible for easing the effect of change in organizations and protecting employees against some of the unwelcome side effects (Long & Ismail, 2012). This role is based on a strategic focus on people and aims at managing the change faced by the organization. Ulrich (1997) argues that the role of change agent consequently directs focus to the necessity of ensuring that the organization has the capacity to manage change by assisting employees in their attempts to implement change. Managers as change agents are responsible for the delivery of organizational transformation and culture change, and this role therefore creates value by ensuring that the whole organization is able to change according to the conditions by building the capability to change into its core competencies. The idea is that HR should function as a kind of promoter for change and as such should initiate change and make sure that the change capacity is high.

**Employee Champion:** In shifting the operational focus from processes to employees, Ulrich (1997) proposed the third role as employee champion which emphasizes championing the needs of employees with the purpose of
increasing commitment. This role is related to employee needs and to the psychological contract between the firm and the employee. In his recent modification of the role model, Ulrich splits the employee champion role into the employee advocate and human resource developer, placing the latter as a more future-focused process role (Ulrich and Brockbank, 2005).

**Administrative Expert:** The administrative expert or functional expert is constructed around the task of ensuring that traditional HR processes such as staffing and training are carried out efficiently. Under this role, employees are considered as costs, a competitive advantage can be attained by reducing these costs and hence increasing efficiency (Ulrich, 1987). The HR function should be value adding in all its services and it should explicitly add value to the organization.

The sum of the four roles equals business partner role which is actually a leadership role, but being an HR leader also has implications for leading the HR function, collaborating with other functions, ensuring corporate governance, and monitoring the HR community. Ulrich (1997) also argued that in the past few years, roles for HR professionals were often viewed in terms of transitional form like operational to strategic; qualitative to quantitative; policing to partnering; short term to long term; administrative to consultative; functionally oriented to business oriented etc. In order to create value and deliver results, HR professionals must begin not by focusing on the activities or work of HR but by defining the deliverables of that work. Sensibly, Ulrich (1997) argues that the roles of administrative expert and employee champion are still important and will still need to be handled effectively and with credibility. However, there is an increased demand on the HR function to focus on the change agent and the strategic partner role. Interestingly, these roles have different implications for the relationship with the line manager.

Ulrich’s (1997) model of HR roles serves as a valuable framework for understanding the complex synergies that HR professionals have to develop to perform the operational and strategic jobs keeping in mind both people and processes to gain competitive advantage. It thus, becomes evident that in the
present dynamic business environment, the function and role of HR manager is changing drastically.

Using Ulrich’s model, Lemmergard (2008) empirically investigated the HR roles. The case study evidence reported suggests that not only all four roles are strongly represented but they are also equally shared between the HR executive and line managers. Raub, Alvarez and Khanna (2006) also carried out a study by deploying Ulrich’s model and found that distinct differences exist between HR work at the corporate and unit level. Whereas unit level managers tend to focus on their role as administrative experts and employee champions, corporate level managers stressed their role as strategic partners and change agents. Corporate level managers benefit from earlier involvement in organizational decisions than those at unit level.

Caldwell (2003) compares both typologies i.e. Ulrich’s (1997) and Storey’s (1992) and concludes that both models have their own significance, But Ulrich’s model of HR roles is an insightful and sometimes persuasive exercise of reinvention. Indeed, like the importation of HRM, Ulrich’s model is already becoming well established as a prescriptive paradigm among HR practitioners

Teo (1998) concluded that studies on HR roles have shown that HRM has taken on a strategic status. Implicit in these studies is the need for practitioners to effectively manage both macro and micro environmental challenges. Successful repositioning of the HRM function suggests that practitioners must perform mainly three major kind of roles, categorized as (i) strategic; (ii) consultancy; and (iii) service roles.

Buyens and Vos (2001) explore the added value of the HR function as perceived by three different groups of managers. They argued that HR is not restricted to mere strategy implementation but several domains can be distinguished in which HR function can deliver value to the business. Long and Ismail (2008) analyzed the role of HR managers and competencies and found a striking difference in the traditional and emerging roles and competencies.

Boselie and Paauwe (2004) demonstrated how competencies of the HR function (e.g. HR delivery, personal credibility, strategic contribution) can contribute to a stronger position of the HR function/role within an organization and to agility and long-term viability of an organization (sustainability). Their study also gives an
overview of the literature on HR roles and introduces the HR competency perspective for strengthening the position of the HR function.

Ulrich and Beatty (2001) classified roles as leader, architect, conscience, builder and coach. They also suggested that the role of HR is changing continuously and that HR managers has transformed from simply players to business partners. Truss et al. (2002) stated that if HR managers want to change their role in an organization, a change in the expectations of the role-set members is also required. In addition to the social construct of roles, HR managers themselves need to be aware of their roles. The members of the HR department are not just passive recipients of role expectations, but can engage actively in processes to alter the nature of their role. In order to be more strategic, HR managers themselves have to realize that the change is desirable.

Further, Ulrich et al. (2012) identified six fundamental competency domains that influence HR roles that HR professionals must demonstrate to impact business performance. The six competency domains proposed are:

- Strategic positioner
- Credible activist
- Capability builder
- Change champion
- Human resource innovator and integrator
- Technology proponent

Cannings and Hills (2012) also adapt HR roles for HR auditing on Ulrich’s four key principles and proposes the roles as:

- *The functional role* – look after systems, HR management and provision of information.
- *The service role* – provides customer service and responsiveness.
- *The compliance role* – taking care of legalities.
- *The strategic role* – workforce development and increasing value.

Jackson & Schuler (2000) also talked of six emerging HR roles. They are:

- Partnership (knows the market & business).
- Change facilitator (has a long term vision of the business).
- Enabler (has the ability to built commitment).
- Strategic (is involved in strategic decisions).
- Innovator (knows the number & type of skills needed).
- Monitoring (is comfortable with both hard & soft data).
As talent management becomes a make or break corporate competency, the HR function is responding with a shift from managing the monetary levers of human resources- compensation, benefits, and other expenses to increasing the asset value of human capital, as measured by intangibles such as employee engagement. A new kind of HR professional is emerging to manage this transformed function, someone who deeply understands not only talent management processes but also an organizational strategy and business model. Roles of HR professional according to competency model used by Daniel Goleman (2001) are divided into four main categories as:

- As a strategic planner they have to plan and formulate some of the strategic policies of an organization
- As a leader they have to act decisively, managing resources application of conflict resolution in extreme intense conditions
- As an employee champion an HR manager to inspire other people by their activities. It includes talent development, building trust relationships
- Technical experts includes application of expertise in full range of human resource arena to support agencies & business needs

Drawing from studies conducted on HR roles in the West, there has been a growing need to determine the readiness of the HR professionals to play more strategic roles in the context of Asia as well (Bhatnagar & Sharma, 2005; Chen et al., 2003; Budhwar & Khatri, 2001; Selmer & Chiu, 2004). Bhatnagar and Sharma (2004) investigated HR roles to find out whether the change in HR roles of Indian organizations has started to occur or not. The research concluded that in Indian organizations, role of corporate HR has started to change from administrative expert role to strategic role.

The above studies proved that the role of the human resource managers is changing and new roles have evolved over a period of time. The need to relate HRM and strategy in the academic literature has increased due to resource based theories (Barney, 1990). HR is assumed as critical to attaining sustainable competitive advantage (Barney & Wright, 1998; Muller, 1996). This implies that HR professionals are at the center of organizations today and HR department must change their focus from activities to outcomes.
2.3.3 Research on Roles of HR Managers vis-a-vis Internationalization

Globalization represents the structural making of the world characterized by free flow of technology and human resources across national boundaries as well as the spread of information technology and mass media presenting an ever changing and competitive business environment (Lawler, 1994). These efforts call for a cultural shift within the organization by influencing dominant values, organizational structures, and the way people work together and feel about participation (Wickramasinghe & Gamage, 2011).

As globalization significantly changes not only the operating boundaries but also the symbolic context of the global organizations, the role of corporate HR is also changing as indicated by researchers like Beatty and Ulrich (2001), Caldwell (2003), Collings (2006), Novicevic & Harvey (2001), Scullion & Starkey (2000), and Sheehan (2005). These new, latent in nature and global in scope, roles of the corporate HR function in MNCs are different from its traditional organizational roles in administering HRM programmes and processes (Huselid et al., 1997; Tung, 1994).

Various researchers have reviewed global trends, HRM roles, the implications of globalization and culture for HRM and HR roles. They also delve into the terrain of changing roles of HR executives in the context of globalization (e.g. Azmi, 2008; Beatty & Ulrich, 2001; Beatty & Shneider, 1997; Budhwar et al., 2009; Friedman, 2007).

As suggested by Napier et al., (1995) HR function can play more influential roles in global organizations than it has in the past. This increased influence stems from a new set of the corporate HR’s roles, characterized by blended political and strategic dimensions, which includes: change agent, top management team’s symbolic communicator, mediator in development/career planning opportunities; and corporate top management teams and particularly the CEO’s reliable internal informal adviser.

Sumelius et al. (2009) highlighted the shift in the role of corporate and subsidiary HR function from administrative to strategic and examined the factors that have influenced the strategic role of the HR department in Western MNC subsidiaries. Bjorkman and Soderberg (2006) reported on the basis of an in-depth study of the
merger and acquisition processes involved in the creation of a leading financial services corporation in the Nordic countries. They described the roles played by the HR function and examined the effects of the roles enacted by the HR function on how the workforces were managed and integrated in the post-merger processes. They also analyzed issues influencing the changing roles played by the HR function in Nordea during the merger processes.

In a study by Claus (1998), it has been pointed out that the roles played by HR managers in case of global transformation are country manager that includes roles of (a) sensor (b) builder (c) contributor; business manager which includes roles of (a) strategist (b) architect (c) coordinator; functional manager including roles of (a) scanner (b) champion (c) cross pollinator and corporate manager which includes the roles of (a) leader (b) talent scout and (c) developer.

Extant literature identifies that HR executives will have to re-examine their skills to meet the challenges of globalization (Česynienė, 2008). With increased globalization, it is important that HR is managed strategically so that companies can compete globally. However, firms need to ensure that their technical HRM effectiveness is also of a certain standard before developing strategic HRM effectiveness to deal with global issues. The following HR roles are identified by Česynienė (2008):

- Business partners
- Corporate strategist
- Effective influencer
- Global human resource leaders and successive planners

Therefore, it can be concluded from existing research evidence that HR managers are playing a crucial and pivotal role during internationalization of a company.

2.4. Constructs to Measure HR Roles

Being an important component in the HRM literature, HR roles are researched from different perspectives. In addition to the issue of whether the practice of HRM is a meaningful concept across countries, there is the issue of the role played by the HRM department in different countries (Bowen et al., 2002). With the realization that human resources are valuable, rare, inimitable, and non-
substitutable (Barney, 1991), research on HR roles has gained immense significance and HR roles have become an area of interest in HRM research.

Several researchers have explored HR roles and have linked it with performance, status, HR effectiveness, organizational learning capabilities, competencies etc. (e.g. Chang & Chi, 2007; Guzman, 2011; Ismail, 2008; Khanna, 2006; lemmegard, 2008; Schuler, 1990). For instance, Ulrich (1987) linked HR roles with competitive advantage of the firm, and found that the sources of competitive advantage can be found within the firm, as opposed to the firm's position relative to competitors.

HR roles have been examined from different perspectives focusing on varying dimensions. Different measures and constructs have been used to examine HR roles by researchers. Table 2.1 summarizes these measures/constructs identified from literature.

Table 2.1: Constructs used to Measure HR Roles

<table>
<thead>
<tr>
<th>Researchers</th>
<th>Constructs Measuring HR Roles</th>
</tr>
</thead>
</table>
| Chang and Chi (2007)         | HR manager’s roles  
                               | - Administrative expert  
                               | - Strategic partner  
                               | - Employee champion  
                               | - Change agent  
                               | HR performance  
                               | - HR alignment  
                               | - Employee relation  
                               | - HR efficiency  |
| Ismail (2008)                | HR manager’s roles  
                               | - Administrative expert  
                               | - Strategic partner  
                               | - Employee champion  
                               | - Change agent  
                               | HR competencies  
                               | - Business knowledge  
                               | - Strategic contribution  
                               | - HR delivery  
                               | - Personal credibility  
                               | - HR technology  |
| Beatty and Shnieder (1997)   | HR roles  
                               | - Strategic partner (through role in M&A strategy)  
                               | - Employee champion (through career growth and development counseling and employee assistance programmes),  
                               | - Administrative expert (through administrative efficiency) and  
<pre><code>                           | - Business partner (aligning behaviors to organizational strategy)  |
</code></pre>
<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Role Models and Involvement</th>
<th>Status of HR Department</th>
<th>Observations and Methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Khanna <em>et al.</em> (2006)</td>
<td>HR manager’s roles</td>
<td></td>
<td>HRM Involvement: <em>Value-driven HRM</em>, <em>Timely involvement of HRM</em>, <em>Executive HRM</em>, <em>Reactive HRM</em></td>
</tr>
<tr>
<td>Bowen <em>et al.</em> (2002)</td>
<td></td>
<td>Status of HR Department</td>
<td>This study compares the two well known HR role models i.e. Ulrich’s Framework of Roles viz.</td>
</tr>
<tr>
<td>Boselie and Paawne (2004)</td>
<td>Ulrich’s four HR roles</td>
<td></td>
<td>Ulrich’s four HR roles with HR competencies measured through: <em>Personal credibility</em>, <em>Strategic contribution</em>, <em>HR delivery</em>, <em>Business knowledge</em>, <em>HR technology</em>.</td>
</tr>
<tr>
<td>Buyens and Vos (2001)</td>
<td></td>
<td></td>
<td>HR Roles are measured through Ulrich’s Framework of Roles viz. <em>Strategic partner</em>, <em>Employee champion</em>, <em>Administrative expert</em>, <em>Change agent</em></td>
</tr>
<tr>
<td>Ulrich (1997)</td>
<td></td>
<td></td>
<td>In their study they proposed four HR roles i.e. <em>Strategic partner</em>, <em>Employee champion</em>, <em>Administrative expert</em> and <em>Change agent</em></td>
</tr>
<tr>
<td>Lawler &amp; Moharman (2003)</td>
<td></td>
<td></td>
<td>They study the change in HR role and measure it through % of time spent on following activities: <em>Maintaining records</em>, <em>Auditing and controlling</em>, <em>Human resource service provider</em>, <em>Development of human resource systems and practices</em>, <em>Strategic Business partner</em></td>
</tr>
</tbody>
</table>
2.5. Roles of Human Resource Managers: Indian Scenario

The pre-liberalization period in India from 1947 to 1991 witnessed an economic policy, which was inward looking, regulated, monopolistic and non-competitive (Bhatnagar & Sharma, 2004). At that time accounting departments took care of all the administrative transactions concerning personnel, but when recruitment and selection, industrial relations and terms of employment demanded more time, special departments were set up, usually under the name Personnel Department (Marrewijk & Trimmers, 2003).

The traditional emphasis was on the regulation of the management of people in organizations. This role was reinforced by increasing government regulation of employment conditions through legislation concerned with the conduct of industrial relations, discrimination, employment rights, health and safety and other employment conditions. But after 1990, the condition has changed drastically and over the last twenty years, liberal economic policies have precipitated changes in the nature of HR function (Bhatnagar & Sharma, 2003).

During the second phase of liberalization process (post 1996–1997), Indian firms witnessed a turbulent era in the form of hyper-competition (Budhwar & Sparrow, 1998; Khandwalla, 2002; Som, 2006; Venkata Ratnam, 1995). To face the challenge of competition, Indian firms embarked upon a change process that brought about a transition in Indian HRM (Budhwar & Sparrow, 1998; Chatterjee
& Pearson, 2000; Gopinath, 1998; Venkata Ratnam, 1995). All this had direct implications for HRM in India (Krishna & Monappa, 1994) and Indian personnel specialists were under pressure to bring about large-scale structural changes in their organizations in order to cope with the challenges brought by economic liberalization (Som, 2008). Table 2.2 highlights the different stages of evolution of HR roles in Indian context.

**Table 2.2: The Stages of Evolution of HR Roles**

<table>
<thead>
<tr>
<th>Nature of role</th>
<th>Period</th>
<th>Human resource stage</th>
<th>Environmental pressures</th>
<th>Author</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative</td>
<td>Late 19th century</td>
<td>Pre-personnel department</td>
<td>Market Pressures, immigration</td>
<td>Jacoby (1985)</td>
</tr>
<tr>
<td>Administrative</td>
<td>Early 1900s - 1930s</td>
<td>File drawer maintenance</td>
<td>Market pressures &amp; World War I</td>
<td>Cascio. (1992)</td>
</tr>
</tbody>
</table>

**POST LIBERALISATION ERA**


*Source: Adapted from Bhatnagar (2004), Strategic HR Roles in India: HR – Dares To Be the Think Tank, Management & Labor Studies, Volume 29, Issue No. 3*

Today’s business environment in the Indian context, after initiation of economic reforms in 1991, requires that the HR function should play a strategic role (Singh, 2003). The liberalization has increased level of competition by overseas firms which posed the pressure on the personnel function of Indian companies to prepare and develop their employees so that they can compete with overseas firms in skills, efficiency and effectiveness (Budhwar & Sparrow, 1997; Krishna & Monappa, 1994; Sparrow & Budhwar 1997; Venkata Ratnam, 1995).
The National HRD Network of India and the Confederation of Indian Industries (CII) have been recognizing and giving awards to organizations that have outstanding HR practices (Rao, 1996). Many researchers have undertaken studies mostly on the HR climate and culture of organizations in India (e.g. Rao, 1999; Rao et al., 2001; Saini, 1997; Venkata Ratnam & Srivastava, 1981). A few researches have focused on HR practices and firm performance framework (Kandula, 2002; Singh, 2003a, 2003b), while some like Agarwala (2003) focused on innovative HR practices and organizational commitment.

In last two decades, evolution of HR function has became an important area for researchers in India such as Budhwar, (2000), Budhwar and Sparrow, (1997), Bhatnagar and Sharma (2003, 2005) and Khanna (2006). For some researchers such as Budhwar and Khatri (2001), Balasubramanian (1995), Dwivedi (1997), Rao (1999), Rao et al. (2001), Saini (1997), cultural, economic and political factors and their impact on HRM served as the area of enquiry. Venkata Ratnam and Srivastava (1981) observed that there is a strong influence of social, cultural, economic and political factors on HRM policies and practices in Indian organizations. Khandekar and Sharma (2005) carried out an empirical research in India that revealed that HR capabilities are positively correlated to organizational performance.

Liberalization of Indian economy has brought to the fore issues related to HR management (Krishna & Monappa, 1994; Sodhi, 1994 and Venkata Ratnam, 1995). This new scenario has created opportunities for HR issues to be associated with business strategies (Ahluwalia, 1994; Sodhi, 1994; Venkata Ratnam, 1995). This is all the more challenging because the Indian work-force has a very diverse socioeconomic background (Jain & Venkata Ratnam, 1994). The scene is further aggravated by the pro-labour stance of most labour legislation (Tayeb, 1995 and Venkata Ratnam, 1995). The performance of the HR function has therefore become more important than ever (Budhwar & Sparrow, 1997). Singh’s (2003) study in the Indian setting revealed that the HR role has gained currency in the last decade.

As the significance of HR roles increased in India, there has been a spate of HR conferences and seminars on the role of HR. The main theme of these seminars is...
the strategic partner role of HR. The emerging strategic roles of HR managers have been the focus of research studies by several scholars such as Bahl (2002), Bhandarker (2003) and Bhatnagar and Sharma (2002, 2003a, 2003b, 2005). There has been evidence of a general need among the HR managers to build capabilities, resources, competencies, strategies, macro as well as micro HRM activities, which translate into strategic HR roles and enhanced organizational learning capabilities (Bhatnagar & Sharma, 2005).

HRM specialists and the HRM departments are under severe pressure to bring about large-scale professionalized changes in their organizations in order to cope with the challenges brought about by economic liberalization (Rao et al., 2001; Som, 2002). Studies by Pattanayak (2001) and Diwedi (2002), focused on the HR role and its impact on organizational performance. Bhatnagar and Sharma (2002) also made an attempt to look at the conceptual strategic HR model of Ulrich (1996).

The change from a regulated environment to a free market environment and this has direct implications for HRM practices in India (Krishna & Monappa, 1994; Rao, 1999). Although empirical studies on HRM in India relevant to the new environment have been conducted using a variety of methods and theories (Amba-Rao et al., 2000; Sodhi, 1994; Sparrow and Budhwar, 1997; Tayeb, 1988), these studies are few and far between. Though attempts have been made to look at the HR practices in India regarding its strategic status (Kandula, 2001; Singh, 1999), yet the area remains largely unexplored. Budhwar (2000) highlights the need for research in the Asia Pacific region, specifically of the growing economies of Latin America, China and India, and a strong need to research the HR practices of these regions.
CHAPTER 3: RESEARCH GAP

3.1. Dearth of Studies on Emerging HR Roles

3.2. Paucity of Research on HR roles vis-à-vis Internationalization

3.3. Lack of Testable Theoretical Models

3.4. Methodological Limitations/Gaps in Existing Studies
   3.4.1. Lack of Empirical Evidences
   3.4.2. Focus on a Single Role
   3.4.3. Limited Number of Respondents
   3.4.4. Lack of Valid and Reliable Instruments

3.5. Lack of Research Evidences in the Indian Context
CHAPTER 3: RESEARCH GAP

Chapter Overview
This chapter attempts to identify research gap in the existing literature in the field. It also seeks to point out the problem areas existing in the literature. These problem areas and gaps relate to both theoretical and empirical researches and apply to both Indian and global studies.

3.1. Dearth of Studies on Emerging HR roles

Traditionally, human resource function was regarded as an administrative function, and human resource managers were not considered as business partners. Human resource issues and activities were considered as a cost-centre. There are many studies which deal with traditional roles of HR managers (Legge, 1978; Ritzer & Trice, 1969; Rubenowitz, 1968; Tyson, 1987, Watson, 1977). However, in the present scenario, it is a basic assumption that the human resources constitute an important source of competitive advantage for the organization (Pfeffer, 1994; Storey, 1995; Wright and McMahan, 1992). Human resource issues are getting strategic importance and regarded as an investment.

Ulrich (1997) argued that the changing business environment and a growing focus on strategic management have led to HR functions gaining an important status and influence within organizations. These changes have been triggered primarily by global competitive pressures, enhancements in technology and a demanding customer-driven market (Herriot & Pemberton, 1995; Sparrow, 1998; Ulrich, 1998). With this dynamic change in business environment, HRM is also changing continuously. With this transition, the importance of human capital in international companies, which conduct business in a variety of cultural environments, has increased (Guzman, 2011).

The role of HR managers has changed dramatically in the past two decades and the perception that they add value to the organization in achieving business goals has gained importance (Bhatnagar & Sharma, 2005; Conner & Ulrich, 1996). Fisher et
al. (2007) state that now HR holds a much more central, strategic position because it is experienced by all levels of management, policy areas within HRM are consistent and it connects strongly with strategic business goals. For those involved in the HR function the new focus implies major re-positioning within the organization. Dowling and Schuler (1990) also argued that the function has moved away from an administrative, housekeeping role to one that makes a major contribution to strategic planning and design of the organization.

Although researchers, as discussed above, have highlighted the transformations in the HR function and the roles played by HR managers, these researches are few and far between. Hence there is a dire need to explore HR roles in the present scenario.

3.2. Paucity of Research on HR roles vis-à-vis Internationalization

Although some studies have focused on roles of HR managers, as discussed above, there is a paucity of research on HRM in the context of internationalization process. There are very few studies which link human resource strategy with international corporate strategy of the firm (Scullion et al., 2000). It has been argued that the fundamental strategic problem for top managers in international firms is balancing the economic need for integration with the social, cultural and political pressures for local responsiveness through utilization of its human resources (Bartlett & Ghoshal, 1989).

The role of HR managers has gained importance in recent times (Antila & Kokenen, 2007; Bhatnagar & Sharma, 2005; Bjorkman, 2008; Chang & Chi, 2007; Smale et al., 2009 etc.). However, most of the literature has explored HR manager roles in isolation (e.g. Procter and Currie, 1999; Som, 2003; Truss et al., 2002; Ulrich, 1997; Caldwell 2003) while internationalization process indicators have been dealt with independently (e.g. Bilkey & Tesar, 1977; Czinkota, 1982; Johanson & Vahlne, 1977; Knight & Cavusgil, 1996). The relationship between HR managers’ roles and internationalization process has been neglected in past studies.

Some reflections do exist on the roles of HR managers in internationalization, for instance, Smale et al., (2009) examined the strategic role of human resource in
MNC subsidiaries from 1999 to 2006 and indicated that the role of the HR department was more strategic in 2006 than in 1999. Furthermore, subsidiary size and the size of the HR department were positively associated with the strategic role of the HR department. Antila and Kokenen (2007) explore factors affecting roles of HR managers in international mergers and acquisitions. Welch and Welch (1997) argued that there is a potential for a more substantial role to be played by human resource staff during internationalization process and concluded that there is no formal role played by human resource management in early stages.

The above studies support the fact that HR role in internationalization is now considered as an important research domain. However empirical evidences are just few and far between.

3.3. Lack of Testable Theoretical Models

Although HR managers’ roles have gained immense significance in HRM literature (Chang & Chi, 2007), there is still a paucity of sound testable research models in the area. A number of prominent researchers e.g. Jackson & Schuler (2000), Schuler (1990), Storey (1992), Tyson (1987), among others have forwarded typologies and frameworks of HR roles. The popular HR role model of Ulrich (1997) is a widely used framework. The premise of this framework is that the HR managers must perform all four roles viz. strategic partner, change agent, employee champion and administrative expert, in order to create an HR function that is a value-adding business partner for the organization (Ulrich, 1997).

A well-developed theoretical model allows for testing and revision to increase its accuracy (Wright & McMahan, 1992). Lawler (1985) opined that we need to conduct ‘useful’ research that meets two fundamental criteria: (1) The outcome must facilitate practitioners’ understanding of organizations and result in improved practices; and (2) the outcome must contribute to the theory and body of knowledge generated in the science of HRM. Most of the existing frameworks in the area are more generic in nature. There is a need for a comprehensive model or framework that can explain dimensions of HR roles in the context of internationalization.
3.4. Methodological Limitations/Gaps in Existing Studies

Much of the existing quantitative analysis on HR roles suffers from methodological problems such as use of invalid instruments, unrepresentative samples, invalid sample frames and inappropriate and outdated databases. Specific methodological issues surrounding research in the area are discussed below:

3.4.1. Lack of Empirical Evidences

It was observed that there exist many theoretical studies and review articles focusing on HR roles (e.g. Aguilera & Denker, 2004; Azmi, 2008, Bjorkman & Solderberg, 2006; Beatty & Ulrich, 2001; Caldwell, 2003; Friedman, 2007). However, empirical researches based on a quantitative methodology are few in this area. Thus, one of the most common complaints is that empirical studies lag far behind theoretic underpinnings in the area. Thus, empirical studies are needed to test the validity of the theoretical frameworks.

3.4.2. Focus on a Single Role

A number of studies have mostly focused on a single role of human resource professionals. Traditionally, HR managers were seen to be performing mainly administrative and specialist responsibilities (Rao, 1999). More recently, Bjorkman et al. (2009) examined only strategic role of human resource in MNCs. Similarly, Singh (2003), focused on strategic orientation and strategic roles of HR. In another study, Kim (2011) explored only change agent role of HR manager.

3.4.3. Limited Number of Respondents

A number of studies are based on data collected on a small sample size, the results of which cannot be generalized. For instance, Khanna et al. (2006) explore and compare the roles of human resource professionals at corporate level and subsidiary level, supporting their findings by collecting data from only 12 HR managers. In another study, Lemmergaard (2008) studied roles of HR managers in nine service banks. Similarly, Scullion and Starkey (2001) investigated the role of corporate HR in international firm using a sample of 30 companies only. There are many other studies (e.g. Hunt & Boxall 1998; Ismail & Long 2008) which are based on comparatively small samples and may suffer from methodological limitations and therefore their findings cannot be safely generalized.
3.4.4. Lack of Valid and Reliable Instruments

Empirical studies in the area are also afflicted with the problem of having based their findings on instruments whose reliability and validity may be questionable. Bhatnagar and Sharma (2003) used the research instrument developed by Conner and Ulrich (1996) in Indian conditions, but they did not test it for reliability. Similarly Ismail and Long (2010) also utilized this research instrument but reliability and validity issues were not adequately addressed. In recent times, baring a few exceptions (Ahmad & Schroeder, 2003; Green et al., 2006; among a few), most studies are silent about scale reliability and validity. The few empirical studies to date have used homemade questionnaires or semi-structured interviews for data collection. Issues related to the relevance, objectivity, comprehensiveness, reliability and validity of these techniques and instruments may provide a starting point for the development of standardized scales in the area.

3.5. Lack of Research Evidences in the Indian Context

Guzman et al. (2011) suggested that in the past decade, Asia has emerged as an important economic region. The ascendency of India as global power brokers, combined strong economies of Japan, South Korea, Singapore, and Taiwan, is seen as a dawning in the shift of power from the USA to India. A case in point is the fast recovery of Indian economy after the recent global economic crisis brought on by the risky mortgage-backed securities that flooded the market. It now appears that the catalyst for recovery is India and the rest of Asia (Schwartz, 2009). Recent studies on multinationals show that they invest heavily in the region and this trend will continue, as observed through other studies that have shown a concentration of investment in the home region (Collinson & Rugman, 2007; Hejazi, 2009).

India is now considered as one of the most important emerging markets. India’s economy is expanding quickly and the country is becoming an important destination for MNCs (Budhwar, 2001). After liberalization and economic reforms in the early 1990s, dramatic changes were set in motion in terms of corporate mindsets and HRM practices. Many studies concluded that in the context of India’s post-liberalization scenario, strategic HRM practices and roles may enhance, reinforce, and sustain organizational performance. A number of studies indicate
that the HRM function is well established in Indian organizations in the public and private sector as well as in Indian MNCs (Bjorkman & Budhwar, 2007).

Budhwar and Boyne (2004) point out that more HR managers are playing an important role on the company boards. In another study Bhatnagar and Sharma (2001) points out the changing role of HR in Indian companies. Thus, with the opening up of the economy, the value of the HRM function is increasingly gaining importance with a cross fertilization of ideas between the East and the West (Pio, 2007).

As evident from the above studies there has been a marked shift in roles played by HR managers in Indian organizations as they become increasingly strategy driven. However, barring a few exceptions (e.g. Azmi, 2011, Bhatnagar & Sharma, 2005; Budhwar & Boyne, 2004; Singh 2003) studies on HR roles in Indian organizations are still scarce. There is a dearth of HRM research in developing countries (Khilji & Wang, 2007). Most of the studies are based in the western context. Boxall and Dowling (1990) noted that the seminal HRM work is all American or British. Thus, the present study was driven by a desire to explore the nature of the roles played by HR managers in Indian companies.
CHAPTER 4: RESEARCH METHODOLOGY

4.1. Justification for the Research

4.2. Research Objectives

4.3. Research Design

4.4. Research Constructs
   4.4.1. Independent Variable: International Orientation
   4.4.2. Mediating Variable: International Human Resource Strategy
   4.4.3. Moderating Variable: Type of Human Resource Department
   4.4.4. Dependent Variables: HR Roles
   4.4.5. Control Variables: Organizational Profile

4.5. Research Instrument

4.6. Sampling Technique and Procedure
   4.6.1 Sampling Element
   4.6.2 Sampling Frame
   4.6.3 Sampling Approach and Sample Size
   4.6.4 Data Collection Method

4.7 Conceptual Model of Research

4.8. Research Hypotheses

4.9. Methods of Analysis

4.10 Limitations of the Study
Chapter Overview

This chapter sheds light on the need and objectives of the research. It also discusses the research design and methodology. It further elaborates the research constructs, instrument development procedure, reliability and validity issues, sampling technique and method of data collection. This is followed by research hypotheses considered for the study along with specification of the conceptual research model. The chapter concludes with a brief overview of the method of analysis and the limitations of the study.

4.1. Justification for the Research

Traditionally, HR function was not perceived as making a significant impact on organizational success (Sims, 2002). Thus, HR was accorded a low status in many organizations, and often lacked a distinct identity. However, this situation has changed in the past decade (Lawler & Mohrman, 2003). The role and influence of HR has increased substantially. Now there is an understanding that the human resources constitute an important source of competitive advantage for the organization (e.g. Pfeffer, 1994; Storey, 1995; Wright & McMahan, 1992).

In light of this, there have been a considerable number of studies which deal with the changing roles of human resource professionals. A large number of studies on HR roles focus on the organizational outcomes i.e. organizational or HR performance and effectiveness (Budhwar & Bjorkman, 2007; Ismail & Long, 2010; Liaw & Lee, 2002). However, there is paucity of researches dealing with HR roles in the context of internationalization process of a firm. Although, there are few studies on international human resource strategy and practices (Collings, 2010; Scullion, 2000), however, there is still a lack of research on the link between international orientation, international human resource strategy and HR roles. Hence, a need was felt to evaluate the HR managers’ roles during internationalization. There were several reasons that prompted this research:
Need for study on transformation of HR managers’ roles: In the present scenario, it is a basic assumption that human resources constitute an important source of competitive advantage for the organization (e.g. Pfeffer, 1994; Storey, 1995; Wright & McMahan, 1992). There are several studies that focus on the roles of HR managers (e.g. Azmi, 2008; Beatty & Shenienner, 1997; Beatty & Ulrich, 2001; Caldwell, 2003; Collings, 2006; Lemmergaard, 2008; Novicevic & Harvey, 2001; Scullion & Starkey, 2000). However, in the present dynamic business environment, the function and role of HR manager is changing continuously. Thus, there is a need to study the new roles of human resource managers in the changing business environment.

Need for research on roles of HR managers during internationalization: Although, a number of studies have focused on roles of HR managers, as pointed out above, however, the role of HR managers during the internationalization process of an organization remains a largely unexplored area. Barring a few researchers e.g. Gong (2005), Pillania (2008), Ruth et al. (2004), Welch et al. (2008), Welch and Welch (1997), who examined the HR dimensions and roles during internationalization, there is limited empirical evidence in this area. Although the roles of HR managers have been a subject of frequent inquiry (e.g. Ruth et al., 2004; Sharma & Khandekar, 2006; Welch et al., 2008), however, perspectives on the roles of HR managers in the context of internationalization remain scattered. This is an area that continues to evoke a lot of debate as to what it actually entails. The area is still in its evolutionary phase and it is therefore, difficult to identify any crystal clear framework. Thus, a need was felt to develop and empirically test a model that attempts to assimilate the scattered viewpoints.

Need for study in the Indian context: India is now considered as one of the most important emerging markets. India’s economy is expanding quickly and the country is becoming an important destination for MNCs (Budhwar, 2001). Of late, Indian industry has realised the importance of effectively
managing human resources for long-lasting competitive advantage. The paradigm shift in the economy has direct implications for HRM in India (Krishna & Monappa, 1994). Although some perspectives exist on HR managers’ roles in India (e.g. Bhatnagar & Sharma, 2003, 2005; Budhwar & Sparrow, 1998; Khandekar & Sharma, 2005; Krishna & Monappa, 1994; Pattanayak, 2001; Singh, 2003), there is still a dearth of studies on HR roles in the context of internationalization. Thus, the present study was driven by a desire to explore the nature of the roles played by HR managers during internationalization in the Indian context.

4.2. Research Objectives

The primary objective of the study is to empirically examine the role of HR managers vis-a-vis the internationalization process of business organizations.

The above objective can be broken down into the following sub-objectives:

I: Developing measures of international orientation, international human resource strategy, type of HR department and HR roles.

II: Empirically establishing the unidimensionality, reliability and validity of the above measures.

III: Examining the relationship between international orientation and HR roles.

IV: Examining the mediating role of international human resource strategy in the relationship between international orientation and HR roles.

V: Examining the moderating role of type of HR department in the relationship between international human resource strategy and HR roles.

4.3. Research Design

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure (Cooper & Schindler, 2006). The present research is conclusive, descriptive and based on a single cross-sectional design.
Quantitative data was generated to attain the research objectives. In order to collect primary data, a research instrument was designed based on an extensive literature review. The questionnaire was pilot tested and after required changes, it was administered on the study sample. The reliability and validity of the research instrument were established. Data generated was then subject to analysis. The succeeding sections discuss in detail, the research instrument development process and data collection technique followed. The research design is given as under:

**Exhibit 4.1: Research Design**

**Conclusive research** → **Descriptive research** → **Cross-sectional design** → **Single cross-sectional design**

**Descriptive research:** Provides information for the evaluation of alternative courses of action and relies heavily on interview of respondents and data available in secondary data sources.

**Causal research:** Causal research is proper when the research objective is to identify variables that cause the phenomenon being predicted and understand why they cause what is being predicted.

**Cross sectional research:** Involve the collection of information from any given sample of population elements only once.

**Single cross sectional research:** In single cross-sectional designs, there is only one sample of respondents and information is obtained from this sample only once.

### 4.4 Research Constructs

The present study explores the roles of HR managers during the internationalization process. For this purpose, research constructs and related items were identified from the extant literature.
4.4.1 Independent Variable: International Orientation

International orientation is regarded as an overarching construct that affects the internationalization process of any company and is considered as a major predictor of the extent and type of internationalization carried out (Gomez, 1988). International orientation of an enterprise is defined as the intensity of international connectedness of an enterprise in terms of the presence of trade (imports, exports both goods and services) or investments (inward and outward) and the degree of influence and control across borders (Brummelen & Luppes, 2008). International orientation of a firm is regarded as the starting point for the formation of any type of international HR practice or strategy (Slater, 2006). Therefore international orientation is regarded as the independent variable for the present research.

In the present study, international orientation was measured through a 4-item scale adapted from Gomez (1988). The questionnaire included statements to measure international orientation of a firm focusing on whether internationalization is viewed by management as critical to the company’s future, international objectives form an essential component of the company’s future plans, management is willing to take risks in international markets and management sees internationalization as an opportunity.

4.4.2. Mediating Variable: International Human Resource Strategy

International human resource strategy can be understood as the overall HR philosophy of a company and the series of HR policies it adopts, such as retention, staffing, performance and compensation in the light of its international operations (Peck, 2007). The way these policies are selected and implemented has been proven to play a significant role in the company’s performance (Gomez, 1988) and serves as a source of competitive advantage. International human resource strategy is a major component of international orientation. Gomez (1988) also advocated that international human resource strategy affects HR functions and roles. As far as HR roles are concerned, international human resource strategy plays a significant role in shaping the HR roles during internationalization.

This construct is also adapted from the study by Gomez (1988). A 7-item scale was used to measure international human resource strategy. The items tried to capture
information on whether managers involved in international operations enjoyed high status, existence of rewards for employees who get involved in international activities, and whether the organization provides training support for international business.

4.4.3. Moderating Variable: Type of Human Resource Department

Type of the HR department (whether centralised or decentralized) has been used as an important construct in studying international human resource strategy and HR roles in several previous studies (Scullion & Starkey, 2000; Muritiba et al., 2010). The type of HR department is directly and indirectly responsible for influencing the roles of HR managers.

In the present research, type of human resource department is treated as a moderating variable. This construct is adapted from Scullion and Starkey (2001). The questionnaire included statements to measure type of human resource department based on a continuum viz. centralized to decentralized to understand the nature of HR department. A 10-item scale was used to measure type of HR department that included statements focusing on structure of the HR department, control on mobility of high-level management, employment terms and contracts, manpower planning, pay and benefits etc. The scale used for this construct measured whether activities of the HR department were centralized or decentralized.

4.4.4. Dependent Variables: HR Roles

There are many models for HR roles proposed by various authors (e.g. Schuler, 1995; Storey, 1992; Tyson, 1987 etc.), However Ulrich’s model was deployed in the present study, as the model is considered to be a very comprehensive framework for analyzing HR roles. First, the model has a strong appeal to HR professionals, as they often distinguish between people and processes in their everyday work. Second, the time perspective is relevant as more focus is being put on strategic and long-term HR activities. Third, the model demonstrates four relatively simple roles for HR managers to perform. These roles demonstrate a
logic, which is relevant to HR management, and to the developmental progressions in the field (Lemmergard, 2008).

Despite the popularity of the model, research building on the model is scarce, except a few exceptions (e.g. Harris, 2007; Renwick, 2002; Watson et al., 2006), and there is hardly any empirical research using this model vis-à-vis the internationalization process. Thus, Ulrich’s model was considered appropriate for the present research.

Ulrich (1997) model outlines HR roles defined along two axes:

- Strategy versus Operational; and
- Process versus People.

The four key roles that emerge on the basis of the above two dimensions are:

(1) **Strategic partner**: The positioning of the HR function as a key organizational player and a “business partner” is increasingly stressed as important by practitioners and academics. Consequently, this role is based on the outcome that the organization should be able to execute its intended corporate strategies through the HR function cooperating with both senior and line managers (Ulrich & Brockbank, 2005).

(2) **Change agent** – The second HR role is based on a strategic focus on people and aims at managing transformation and change. The role of change agent directs focus to the necessity of ensuring that the organization has the capacity to handle change by assisting employees to embrace and implement change (Ulrich, 1997). The idea is that HR should function as catalyst and promoter of transformation and should initiate change and enable that the change capacity is high.

(3) **Employee champion** – In shifting the operational focus from processes to employees, the third role, the employee champion, emphasizes the needs of employees with the purpose of increasing commitment and capabilities (Ulrich, 1997). This role is related to employee well-being and to the psychological contract between company and employee.

(4) **Administrative expert**: The administrative expert or functional expert, as Ulrich and Brockbank (2005) call the role in their reviewed model, is constructed around the task of ensuring that traditional HR processes such as staffing and
training are carried out efficiently and effectively. The underlying notion of this role is that competitive advantage can be attained by efficiently administering HR functions and processes (Ulrich, 1997). Ulrich and Brockbank (2005) argue that the roles of administrative expert and employee champion are still important and will need to be handled effectively. In future though, there will be an increased demand on the HR function to focus on change agent and the strategic partner roles. For the HR function to create competitive advantage, all four roles should be taken on by the HR managers.

HR role measures were adapted from Human Resource Assessment Survey instrument developed by Connor and Ulrich (1996). This instrument has been used by other researchers also (e.g. Bhatnagar & Sharma, 2007; Guzman et al., 2011; Ismail & Long, 2008; Long & Ismail, 2010). The questionnaire included statements to measure each role separately. All the items related to HR roles were adapted in the context of internationalization. Statements used to measure strategic partner role focused on whether HR managers participated in decision-making vis-à-vis internationalization strategies. Administrative expert role focused on the HR operational efficiency of the internationalization process. Statements for measuring employee champion role focused on whether HR managers were instrumental in improving employee commitment during internationalization. Finally, change agent role was measured with items related to HR managers’ ability to help the organization adapt to changes during internationalization.

4.4.5. Control Variables: Organizational Profile

Several HRM studies have investigated the influence of number of variables such as size, sector, ownership, life-cycle stage, unionization etc. on HRM roles, policies and functions (Arthur, 1994; Cohen & Pfeffer, 1986; Ketkar & Seth, 2010; Lawler et al., 1995; Shaw et al., 1993; Snell, 1992). Many researchers have used firm size and industry sector as control variables (Andersen et al., 2007; Huselid, 1995; Sanyal & Seth, 2011).

For the present study, three dimensions of organizational characteristics were deemed to be control variables viz. sector to which the company belongs
(manufacturing/service), ownership pattern (public/private sector), size of the company determined by number of employees (small/medium/large).

4.5 Research Instrument

Once research constructs and related items were identified, as discussed above, they were compiled in the form of a questionnaire.

The research instrument was developed in five stages:

**Stage 1: Identification of measures/constructs:** After an extensive literature review, research constructs are identified. Items related to the research constructs were drawn from the extant studies. This has already been discussed in the above section.

**Stage 2: Development of questionnaire:** Based on the items identified above, an initial version of the questionnaire was developed. The questionnaire incorporated statements designed to capture the content of the subject matter.

**Stage 3: Incorporating inputs from academicians and practitioners for face validity:** A scale is said to have face validity if it 'looks like' it is going to measure what it is supposed to measure (Ahmad & Schroeder, 2003). Face validity of the questionnaire was insured by having two different researchers suggest items for the questionnaire, as suggested by Ahmad and Schroeder (2003). The items suggested by them were then compared with the items in the draft questionnaire. Based on this, some minor modifications were made. Subsequently, two other researchers in the area were asked to review the questionnaire and its items and to guess what constructs the items were intending to measure. This backward interpretation of items was done in order to ensure that the questionnaire appeared reasonable and logical.

**Stage 4: Pilot testing for ensuring content validity:** Content validity is based on the extent to which a measurement reflects the specific intended domain of content (Trochim, 2009). If items corresponding to various constructs of an instrument are derived from comprehensive analysis of relevant literature and discussed with experts, content validity can be ensured (Bohmstedt, 1983; Shin et al., 2000).
No researcher can completely eliminate measurement error, but he or she can reduce it in several ways, such as by conducting a pilot study. If the measurement error is reduced, the reliability of the measurement technique is increased (Frey et al., 2000). Therefore, a pilot study was done to test the content validity of the research instrument. The questionnaire was administered on HR practitioners who were asked not only to give their responses but also provide their comments on the instrument and its items. The respondents were asked to critique the questionnaire in general, and the items, in particular. In all, feedback could be obtained from ten HR managers at this stage. After pilot testing, some of the items were refined, reworded or changed, for instance, all the items related to HR roles were transformed in context of internationalization. Items are made to be more representative of the intended constructs thus enhancing its content validity.

Stage 5: Final structuring of the questionnaire: After having obtained the inputs of practitioners and academicians, the questionnaire was given its final shape. Efforts are made to put all the items in minimum possible space, so that the questionnaire did not appear lengthy.

The survey instrument finally contained the following items:

**Independent Variables:** International Orientation (IO) - 4-item scale

**Dependent Variable:** HR roles - 5-item scale each
- Strategic Partner Role (SP)
- Administrative Expert Role (AE)
- Employee Champion Role (EC)
- Change Agent Role (CA)

**Mediating Variable:** International Human Resource Strategy (IHRS) - 7-item scale.

**Moderating Variable:** Type of Human Resource Department (THRD) - 10-item scale.

**Control Variables:** Organizational profile dimensions:
- Sector (manufacturing/service)
- Ownership (public/private sector)
- Size/ number of employees (small/medium/large).
Respondents were also asked to mention their designation, experience in terms of years in the present position and total experience in the organization. The instrument utilized a 5-point Likert scale anchored with end points labeled as strongly agree (5) and strongly disagree (1). In case of measuring the THRDP construct, a five-point scale has been used anchored with end points labeled as decentralized (5) and centralized (1). Five point Likert scale has been commonly used in HR research (e.g. Ahmad & Schroeder, 2003; Coggburn, 2005; Khandekar & Sharma, 2005; Khilji & Wang, 2007; Gomez, 1988). Researchers should design questionnaire items that capture the specific substantive focus of the HR component being assessed (Arthur & Boyles, 2007). Hence, efforts were made to keep the items as simple, specific and objective as possible.

4.6 Sampling Technique and Procedure
A rigorous sampling procedure was adopted to obtain valid and reliable responses. Insights from important researchers, for instance Chan et al. (2004), Churchill and Iacobucci (2002), Malhotra and Dash (2011) and others were drawn to finalize the sampling procedure.

4.6.1 Sampling Element
Responses were obtained from senior-level HR managers (one from each targeted firm). Senior HR executives have been used as respondents in other similar studies too (e.g. Boxall & Hunt, 1998; Bjorkman & Budhwar, 2007; Chang & Chi, 2007; Collings et al., 2010; Fisher et al., 2011; Long & Ismail, 2008; Singh, 2010). Senior HR managers are regarded as the ‘subject matter experts’ and believed to be in a good position to provide the required information (Chan et al., 2004). Jones (1996) studied the perception of senior HR practitioners since they have direct responsibility for HR issues. In previous researches too, perceptions of a single respondent (HR executive) have been considered appropriate for such studies (Chang & Chi, 2007; Teo, 2000). Becker and Huselid (2006) and Arthur and Boyles (2007) also support the appropriateness of the use of a single ‘key’ knowledgeable informant since it provides researchers more valid and reliable data than that gathered from multiple respondents.
4.6.2 Sampling Frame

The sampling frame for the study was derived from the ranking of Top 1000 companies in India published in *Business Standard* (2010). The sample frame was derived in two steps:

**Step 1.** The *Business Standard* ranking of Top 1000 Companies in India served as the initial sample frame. The above list of top ranking companies contained both Indian and foreign companies operating in India. From the above list, Indian companies were shortlisted. The rationale for selecting Indian companies was based on the sound assumption that decisions related to internationalization are taken primarily at the headquarters/main corporate offices. It was understood that foreign companies would be having their headquarters/main corporate offices in their country of origin/home country. It would not have been practically possible for the researcher to contact all these headquarters in different countries. Moreover, the scope and extent of the present study was intended to be limited to the Indian context only. Thus, it was decided to focus only on Indian companies. Therefore, from the list of 1000 companies published in *Business Standard*, 946 Indian companies were identified. These companies are verified through the website of BSE for their country of origin (BSE Ltd, is the first ever stock exchange in Asia established in 1875 and the first in the country to be granted permanent recognition under the Securities Contract Regulation Act, 1956, has had an interesting rise to prominence over the past 137 years). It mentions country of origin/ country of headquarters for each company listed).

**Step 2.** From the above 946 shortlisted Indian companies, the list was further narrowed down to include only those companies which had some form of international operations. This was necessary since the study focused on internationalization process and related roles of HR managers. Therefore, only those Indian companies were picked up from the list which had some international operations. This information was obtained from *Business Standard* list itself which mentioned foreign receipts and payments for the companies which had

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* Business Standard, India's leading business newspaper, provides latest news on stock markets, investing, companies, industry, banking, finance and economy—an independent research house—annually publish rankings of companies in India.
international operations. This constituted a sound evidence of their operations abroad and hence qualified for a study on internationalization. Finally 805 companies were selected for data collection.

Top ranking companies were considered in the present study following other researchers in the area (e.g. Chan et al., 2004; Kydd & Oppenheim, 1990; Rozhan, 1996). Since these are top-ranked organizations, they are expected to have well-established HR departments and roles. Taking such organizations which were high-performing, researchers could assume that proper HRM systems and clear roles do exist (Sheehan, 2005).

Further, since the present study was conducted on top ranking organizations across a gamut of industries, it covered a wide range of business sectors so as to allow generalizations. This is in keeping with suggestions of researchers (e.g. Cook & Ferris, 1986; Dyer & Reeves, 1995; Othman, 1996; Purcell, 1999) who opined, that use of multiple industries can help extend the generalizability of the findings.

It has also been stated that large organizations tend to follow more formal and structured HR practices (Gupta and Govindarajan, 2000; Jackson et al., 1989; Huselid, 1995; Youndt et al., 1996). Some researchers suggest that firms having over 200 or 250 employees are more likely to have a formal HRM function (Brewster & Hegewisch, 1994; Green et al., 2006). In the present research, responding organizations had more than 1000 employees, thus fulfilling the requirements for such a study. Similar methodology has been adopted in other related studies (e.g. Akhtar et al., 2006; Chan et al., 2004; Lau & Ngo, 2001; Siengthai & Bechter, 2001; Sanyal & Seth, 2011; Wan et al., 2002) where a minimum cut-off point (e.g. 100 or 250 employees) was taken to include organizations in final analysis.

By following the above rules, it was ensured that the study did not suffer from biases and limitations associated with ill-defined sample frames.

4.6.3 Sampling Approach and Sample Size

A census approach to sampling was used. All companies in the sampling frame (i.e. 805) were contacted. Data was collected from the companies identified through the above mentioned sampling frame. Contacts of the senior level HR
managers of the companies were obtained from different sources e.g. database maintained by the institutions in which the researcher is doing research, business magazines, websites of companies, business directories and databases of different organizations and professional bodies in India such as National HRD Network (NHRD) etc.

4.6.4 Data Collection Method

Data was collected from the sample organizations primarily through mail methodology. This was done keeping in mind the view of researchers (e.g. Emerson, 1987; Foa & Foa, 1980; Greenberg, 1980) who have opined that human behaviour is motivated by psychological returns (i.e. whatever is pleasurable or gratifying to the person) and psychological costs (i.e. factors that inhibit behaviours such as physical or mental effort, pain) associated with behaviour. Thus, it was interpreted that personal visits to time-pressed managers may not be a feasible idea. Mails offer the advantage of getting survey instruments filled during leisure time and at one’s convenience. It was intended to minimize psychological and other costs. Further, only mail methodology was used in the present study to ensure coherence of data collection technique. It was surmised that responding patterns differ with the use of differing techniques and hence chances of biases may be there.

Mail methodology has been used by other researchers too in the area (e.g. Budhwar & Sparrow, 1997; Takeuchi et al., 2003; Wood, 1995). The e-mail addresses of the selected 805 business organizations were obtained from different sources as discussed in the previous sub-section. Guided by Dillman’s (2000) tailored design method, survey pre-notification, cover letter and survey instrument (after three days), and follow-up reminder (two weeks later) were sent to the organization’s HR managers via e-mail by the researcher.

A total of 123 e-mails bounced back due to inaccurate e-mail addresses resulting in a final study sample of 682 respondents. Overall, 93 responses were received. Three questionnaires were incomplete and were discarded. The remaining 90 completed surveys were used to analyze the data and test the hypotheses (11.65% response rate). Response rates for internet surveys have ranged from as low of 7
percent to as high as 76 percent (Sheehan & Hoy, 1999; Simsek & Veiga, 2001). Consequently, the response rate of 11.65 percent is consistent with studies using internet and e-mail based surveys. However, but the results must be interpreted cautiously as this could be a limitation of the study as indicated by Rogelberg and Luong (1998).

The respondents agreed to participate on the condition that at no stage their companies would be identified, and this constraint was acceptable as the research objectives of the present study were to identify general trends rather than the specific company policies. Ensuring respondent anonymity helps to increase the response rate (Podsakoff et al., 2003; Yammarino et al., 1991).

4.7. Conceptual Model of Research

A research model may have both independent and dependent variables. Endogenous constructs have antecedents specified within the model, whereas the causes of exogenous constructs are outside the model and not of interest (Anderson & Gerbing, 1991). The model specification of the study may be given as:

\[
\begin{align*}
SP &= f \{IO, IHRS\} \\
AE &= f \{IO, IHRS\} \\
EC &= f \{IO, IHRS\} \\
CA &= f \{IO, IHRS\} \\
IHRS &= f \{IO\}
\end{align*}
\]

where
- \(SP\) = Strategic Partner Role (Endogenous/Dependent variable).
- \(AE\) = Administrative Expert Role (Endogenous/Dependent variable).
- \(EC\) = Employee Champion Role (Endogenous/Dependent variable).
- \(CA\) = Change Agent Role (Endogenous/Dependent variable).
- \(IHRS\) = International Human Resource Strategy (Mediating variable).
- \(IO\) = International Orientation (Exogenous/Independent variable).

When structural models are specified, observed measures of exogenous constructs and endogenous constructs are simultaneously estimated with the structural model to ascertain if any relationship exists (Joreskog & Sorbom, 1993). The models are given in exhibits 4.2, 4.3, 4.4 and 4.5.
Exhibit 4.2: Model (a) Relationships between IO, IHRS and SP Role.

Exhibit 4.3: Model (b) Relationships between IO, IHRS and AE Role.

Exhibit 4.4: Model (c) Relationships between IO, IHRS and EC Role.
4.8. Research Hypotheses

The research hypotheses were framed in light of the research objectives. *International Orientation* has been taken as an independent and initial variable in the model which is hypothesized to influence *International Human Resource Strategy* and *HR Roles*. This is in line with the arguments of researches (e.g. Kakkonen & Antila 2007; Taylor et al., 1996; Yan, 2003). Thus, *International Human Resource Strategy* is treated as a mediating variable between *International Orientation* and *HR Roles*. Type of HR department (centralised/decentralised) plays a crucial role in determining international human resource strategy in the context of HR roles, therefore it is regarded as a moderating variable in the conceptual model (Scullion & Starkey, 2000). *HR Roles* are taken as dependent variables in this research. Previously, many researchers have use HR roles as dependent variables in their researches (Antila 2007; Bjorkman et al., 2009; Scullion & Starkey, 2000). Hypothesis for each role were framed in the light of the above relationships:
Investigating the relationship between IO, IHRS and SP role during internationalization and analyzing the mediation and moderation effects of IHRS and THRD respectively.

**Hsp1:** International Orientation (IO) has a direct positive relationship with Strategic Partner (SP) role.

**Hsp2:** International Human Resource Strategy (IHRS) mediates the relationship between International Orientation (IO) and Strategic Partner (SP) role.

**Hsp3:** The strength of relationship between International Human Resource Strategy (IHRS) and Strategic Partner (SP) role will be moderated by Type of HR department (THRD).

Investigating the relationship between IO, IHRS and AE role during internationalization and analyzing the mediation and moderation effects of IHRS and THRD respectively

**Hae1:** International Orientation (IO) has a direct positive relationship with Administrative Expert (AE) role.

**Hae2:** International Human Resource Strategy (IHRS) mediates the relationship between International Orientation (IO) and Administrative Expert (AE) role.

**Hae3:** The strength of relationship between International Human Resource Strategy (IHRS) and Administrative Expert (AE) role will be moderated by Type of HR department.

Investigating the relationship between IO, IHRS and EC role during internationalization and analyzing the mediation and moderation effects of IHRS and THRD respectively.

**Hec1:** International Orientation (IO) has a direct positive relationship with Employee Champion (EC) role.

**Hee2:** International Human Resource Strategy (IHRS) mediates the relationship between International Orientation (IO) and Employee Champion (EC) role.
**HcE3**: The strength of relationship between International Human Resource Strategy (IHRS) and Employee Champion (EC) role will be moderated by Type of HR department.

**Investigating the relationship between IO, IHRS and CA role during internationalization and analyzing the mediation and moderation effects of IHRS and THRD respectively.**

**Hca 1**: International Orientation (IO) has a direct positive relationship with Change Agent (CA) Role.

**Hca 2**: International Human Resource Strategy (IHRS) mediates the relationship between International Orientation (IO) and Change Agent (CA) role.

**Hca 3**: The strength of relationship between International Human Resource Strategy (IHRS) and Change Agent (CA) role will be moderated by Type of HR Department.

**4.9. Methods of Analysis**

Descriptive statistics of the responses were generated through SPSS 17.0. After initial estimation of response rate, non-response error and response error, Confirmatory Factor Analysis (CFA) was carried out using Structural Equation Modeling (SEM) capabilities of LISREL to refine the scales and establish unidimensionality of the study constructs. Indicator and scale reliability were assessed. Various types of validity were also ascertained e.g. convergent, discriminant, predictive and criterion validity.

A large segment of management research in recent years has used structural equation modeling (SEM) as an analytical approach that simultaneously combines factor analysis and linear regression models for theory testing. With this approach, latent variables (factors) represent the concepts of a theory, and data from measures (indicators) are used as input for statistical analyses that provide evidence about the relationships among latent variables. Therefore the relationship between dependent and independent variables was measured using SEM in
For proceeding with SEM, Maximum Likelihood Estimation (MLE) method was employed.

4.10. Limitations of The Study

Although efforts were made to carry on a research that was theoretically and empirically sound, the study does suffer from several limitations:

1. The study is based on a limited sample. Hence, the study might have suffered from small sample size related problems. Larger number could have given more generalizable results.

2. The study relied primarily on mail methodology of questionnaire administration. Thus the response rate was not very high as might have been if personal interview method had also been adopted.

3. The study could have been extended on international MNCs as well but due to time and distance barriers, only Indian MNCs were chosen for the research.

4. The study is based on responses provided by key informants (in this case HR specialist). However, surveys administered on a single source may raise concerns of common method bias. Thus, data collected from HR managers should be handled with caution due to the multiple constituency nature of HRM function (Tsui, 1984). Although the researcher tested for common method bias with the results supporting the contention that the bias does not impact the study results; the research was not designed to be a multi-respondent study and hence may be considered a limitation.

5. The study was cross-sectional in design, and hence suffers from the limitations associated with cross-sectional designs. In the study, both the independent and dependent variables are measured on one occasion only. A longitudinal study design could have more accurately captured causal relationship between internationalization and HR roles.

6. The study is based on quantitative research design. Although such a design has its own benefits, a qualitative research together with quantitative data could have enabled in generating more comprehensive and valid models. However, budget and time constraints did not permit this.
5.1. Analysis Plan
5.2. Structural Equation Modeling: An Overview
5.3. Profile of Respondents and Responding Firms
5.4. Response Rate and Item Completion Rate
5.5. Assessment of Non-response Bias and Response Bias
5.6. Measurement Model
   5.6.1 Assessment of Unidimensionality
   5.6.2 Assessment of Reliability
   5.6.3 Assessment of Validity
5.7. Structural Model Assessment
   5.7.1. Model vis-a-vis Strategic Partner Role
   5.7.2. Model vis-a-vis Administrative Expert Role
   5.7.3. Model vis-a-vis Employee Champion Role
   5.7.4. Model vis-a-vis Change Agent Role
Chapter Overview

The chapter commences with a discussion of analysis plan followed in the present study. Further, it provides a description of the profile of the respondents and responding firms. The initial part of the analysis deals with the estimation of response rate, non-response bias and response bias. Thereafter, the measurement model and structural model fit are estimated and path analysis undertaken for testing of research hypotheses using Structural Equation Modeling (SEM) in LISREL 8.5.

5.1. Analysis Plan

Data analysis begins with an illustration of the profile of the respondents and responding organizations. This is followed by an estimation of response rate, non-response bias and response bias. Thereafter, Structural Equation Modelling (SEM) was deployed using LISREL 8.50. SEM entails two interrelated steps: first, the estimation of the measurement model, which refers to the relationships between latent and observed variables, secondly the estimation of the structural model, specifying linkages between different latent variables (Anderson & Gerbing, 1988; Bollen, 1989 & Gerbing & Anderson, 1988).

Measurement model estimates the unidimensionality, reliability and validity of each construct while structural model involves estimating the relation between independent (exogenous) and dependent (endogenous) variables. Separate measurement models are specified for each construct, which then are estimated with the structural model (Jöreskog & Sörbom, 2002). The testing of the structural model may be meaningless unless it is first established that the measurement model holds. If the chosen indicators for a construct do not measure that construct, the specified theory cannot be tested (Anderson & Gerbing, 1991). Thus, the measurement model for each construct was assessed before assessing the structural model. For estimating the measurement model, Confirmatory Factor Analysis (CFA) was used. The scales were assessed for unidimensionality and reliability.
Measurement items remaining after these analyses were subjected to different types of construct validity (i.e., convergent, discriminant validity). Once the measurement model was validated, the researcher proceeded to the second step i.e. estimation of the structural relationships between latent variables of the conceptual research model. The standardized path coefficients of the structural model were estimated to test the research hypotheses.

5.2. Structural Equation Modeling: An Overview

The utilization of SEM provides two main advantages to quantitative research. On one hand, SEM allows the distinction to be made between observed and latent variables and thus enables variables that are not directly observable to be included (Kline, 1998; Mueller, 1996). On the other hand, in SEM models simultaneous equations can be estimated. It is helpful in obtaining information about indirect effects (when mediator variables are included), total effects (sum of direct and indirect effects) or moderation effects (Bollen, 1989; Mueller, 1996).

The methodology underlying the use of SEM is based on four steps (Kline, 1998). The first step (specification) consists of the definition of the research model and hypotheses. The second step is to determine whether the model is identified, i.e. if it is possible to derive a unique estimate of each model parameter. A model is identified when there are more equations than parameters to be estimated. If a model fails to meet requirements for its identification, attempts to estimate it may not be successful. Thirdly, an analysis of the model should be carried out, by obtaining estimates of the model’s parameters. The subsequent step consists of evaluating the model fit, which involves determining how adequately the model accounts for the data. Analysis of the model fit can be carried out through the model fit indicators.

When examining a measurement or structural model, theoretical considerations should always be primary. Fit indices of the model depict model strength. Not all fit indices are important. Many fit indices are adversely affected by size. It is not possible to achieve perfect values for all indices (Garver & Mentzer, 1999). Since there is no “best” fit index, researchers are advised to use a variety of qualitatively different indices (Bollen and Long, 1993). In the present research, commonly used
and recommended fit indices are considered viz. Goodness-of-Fit Index (GFI), Adjusted Goodness-of-Fit Index (AGFI) Comparative Fit Index (CFI), Normed Fit Index (NFI), Non-Normed Fit Index (NNFI), Root Mean Square Error of Approximation (RMSEA) and chi-square/degree of freedom ratio. This is in line with the recommendations of previous researchers (Bagozzi & Yi, 1988; Bentler, 1990; Bentler & Bonett, 1980; Garver & Mentzer, 1999; Joreskog & Sorbom, 2002; Lindquist et al., 2001; Stieger, 1990).

Out of 805 companies initially contacted in this study, 93 companies responded. Only three questionnaires were found incomplete and dropped from further analysis. Hence, the final number of usable questionnaires was 90. Since LISREL methods depend on large-sample properties, a natural concern is the sample size needed to obtain meaningful estimates. Whereas this does not present a problem in statistical inference, because the standard errors computed by the program are adjusted accordingly, a relatively large sample size is needed to obtain parameter estimates that have standard errors small enough to be of practical use.

For proceeding with SEM using Maximum Likelihood Estimation (MLE) with LISREL 8.50, the suggested sample size is a minimum of 50 and preferably 100-200 (Lindquist et al., 2001). Schreiber et al., (2006) mentioned that although sample size needed is affected by the normality of the data and estimation method that researchers use, the generally agreed-on value is 10 participants for every free parameter estimated. Justifications for this rule of 10 appear in several frequently cited publications (Barclay et al., 1995; Chin, 1998; Chin and Newsted, 1999; Kahai & Cooper, 2003). Since the present study has 7 free parameters and a sample of 90 companies is obtained, SEM procedure could be safely adopted. Joreskog and Sorbom (1993:26) also suggested the following formula to compute the minimum sample size for estimation of the structural model:

\[
k (k-1)/2
\]

where, \( k = \text{no. of variables} \)

The no of variables in this research was 7, resulting in a recommended minimum sample size of 21, substantially smaller than our final sample size of 90 cases.
5.3. Profile of Respondents and Responding Firms

A profile of both respondents and responding firms is presented below:

(A) Profile of Respondents

**Designation:** The respondents of the study were HR managers (one from each responding firm). They have been divided into 3 categories, using a categorization similar to that of Long and Ismail (2010). They belong to different levels e.g. executives/officers (e.g. Development officers, HR executives etc.), managers (e.g. Manager-HR, Personnel Manager, Assistant Manager-HR etc.), and senior managers (e.g. Director-HR, Vice President-HR, GM-HR, Deputy GM-HR etc.). Table 5.1 presents the profile of the respondents on the basis of designation. It can be seen that majority of the respondents belonged to middle or senior levels.

Table 5.1: Respondent Profile- Designation

<table>
<thead>
<tr>
<th>Designation</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>7</td>
<td>7.8</td>
</tr>
<tr>
<td>Manager</td>
<td>45</td>
<td>50.0</td>
</tr>
<tr>
<td>Senior Manager</td>
<td>38</td>
<td>42.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**Experience:** About 25.6% of the respondents had an experience of 1-3 years in the current position, 50% had an experience of 4-7 years while roughly 24.4% had an experience of more than 7 years. These three categories are made in the light of the categorization done by Long and Ismail (2010). Table 5.2 presents the profile on the basis of experience in the present position.

Table 5.2: Respondent Profile- Experience in Present Position

<table>
<thead>
<tr>
<th>Experience</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3 years</td>
<td>23</td>
<td>25.6</td>
</tr>
<tr>
<td>4-7 years</td>
<td>45</td>
<td>50.0</td>
</tr>
<tr>
<td>7 years and above</td>
<td>22</td>
<td>24.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**Overall Experience:** It can be seen from the Table 5.3 that most of the respondents are having an experience of more than 15 years, 22% had an experience 10-15 years, 13% had an experience of 5-10 years. Only 10% had an experience of less
than 5 years. These five categories are made in the light of categorization done by Coggburn (2003).

### Table 5.3: Respondent Profile- Total Experience

<table>
<thead>
<tr>
<th>Experience</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5 years</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>5-10 years</td>
<td>11</td>
<td>13</td>
</tr>
<tr>
<td>10-15 years</td>
<td>21</td>
<td>22</td>
</tr>
<tr>
<td>15-20 years</td>
<td>24</td>
<td>27</td>
</tr>
<tr>
<td>20 years &amp; above</td>
<td>25</td>
<td>28</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**(B) Profile of Responding Firms**

**Sector:** The responding organizations were asked to classify themselves as primarily belonging to either the service or the manufacturing sector. While 68.9% of organizations belonged to the manufacturing sector, 31.1% belonged to the service sector. Table 5.4 presents the profile of the responding organizations on the basis of these sectors.

### Table 5.4: Responding Organizations- Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service</td>
<td>28</td>
<td>31.1</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>62</td>
<td>68.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**Ownership:** Responding organizations were also classified on the basis of ownership into public/government sector (comprising 32.2%) and private sector (comprising 67.8%) organizations. Table 5.5 presents the profile.

### Table 5.5: Responding Organizations- Ownership

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public</td>
<td>29</td>
<td>32.2</td>
</tr>
<tr>
<td>Private</td>
<td>61</td>
<td>67.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

80
Size: Responding organizations were classified into small, medium and large on the basis of number of employees. Using a categorization similar to that of Budhwar and Sparrow (1997), organizations with less than 1000 employees were considered small, those between 1001-5000 employees were considered medium and those with more than 5001 employees were considered large. The break-up is presented in Table 5.6.

<table>
<thead>
<tr>
<th>Size</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small</td>
<td>10</td>
<td>11.1</td>
</tr>
<tr>
<td>Medium</td>
<td>22</td>
<td>24.4</td>
</tr>
<tr>
<td>Large</td>
<td>58</td>
<td>64.4</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>100.0</td>
</tr>
</tbody>
</table>

It may be pointed out that most of the respondents belong to relatively senior levels in the organizational hierarchy. Senior HR managers are suited for such studies since they are ‘knowledgeable informants’ regarding internationalization and related strategic issues (Chang & Chi, 2007; Huselid & Becker, 2000). Further, the responding organizations are top ranked companies and thus, it is assumed that they have a well organized HR department, as suggested by researchers (Rozhan, 1996; Sheehan, 2005). Top-ranking organizations span across a range of industries, thus giving a broader view and allowing for generalization of study findings. This is in keeping with suggestions of researchers (e.g. Cook & Ferris, 1986; Dyer & Reeves, 1995; Othman, 1996; Purcell, 1999) who opined that use of multiple industries can help in extending the generalizability of the findings.

5.4. Response Rate and Item Completion Rate

Completed survey instruments were received from 93 organizations from the targeted 805 companies, giving a response rate of 11.18%. It has been reported that in the Indian cultural context, generally mail-based surveys result in poor response rate (Budhwar & Sparrow, 1997). Thus, response rate of 11.18% can be considered to be satisfactory since it provides a substantial number of respondents
in absolute terms to yield reliable statistical outcomes as discussed in the preceding section.

Apart from response rate, item completion rate is used as another measure of the effectiveness of the survey undertaken. Klassen and Jacobs (2001) define item completion rate as the proportion of survey items answered relative to all applicable items. The item completion rate for this study was 96.8%, suggesting high survey effectiveness. Only three questionnaires were found to be incomplete. These questionnaires were discarded because of unsatisfactory responses as suggested by Malhotra and Dash (2011) and hence, the final number of usable questionnaires was 90.

5.5. Assessment of Non-Response Bias and Response Bias

Surveys may be limited by two kinds of biases viz. non-response bias and response bias (Paulhus, 1991). Efforts were made to account for possible errors owing to both kinds of biases in this study.

**Non-Response Bias**

Non-response bias is any potential error or bias due to the failure of elements in the sample to respond. The approach of Lambert and Hanington (1990) is used in this study to rule out the chances of non-response bias. They prescribe a simple approach to assessment of non-response bias by comparing early and late respondents. Non-respondents have been found to descriptively resemble late respondents (Armstrong & Overton 1977). Non-response bias is non-existent if no differences exist on the survey variables between early and late respondents (Lambert & Hanington, 1990). To examine possible non-response bias, independent samples T-test was performed. On the basis of first mailing and the follow-up, respondents were divided into two groups. Following this approach, respondents were categorized as responding to either the initial mail or the two follow-up requests sent subsequently. Those responding to the initial requests were classified as early responders (40.7%) while those responding to the follow-up requests were classified as late responders (59.3%). The results revealed that there was no significant difference between the two groups. Therefore, it can be safely asserted that non response bias does not exist in this study. Table 5.7 and 5.8 show
the group statistics and results of the independent sample T-test for the estimation of non response error.

Table 5.7: Group Statistics for Estimation of Non-Response Bias

<table>
<thead>
<tr>
<th>CONSTRUCT</th>
<th>TIMING</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>IO</td>
<td>EARLY RESPONSE</td>
<td>35</td>
<td>12.49</td>
<td>4.361</td>
<td>.737</td>
</tr>
<tr>
<td></td>
<td>LATE RESPONSE</td>
<td>55</td>
<td>13.51</td>
<td>4.434</td>
<td>.598</td>
</tr>
<tr>
<td>IHRs</td>
<td>EARLY RESPONSE</td>
<td>35</td>
<td>21.31</td>
<td>4.689</td>
<td>.793</td>
</tr>
<tr>
<td></td>
<td>LATE RESPONSE</td>
<td>55</td>
<td>23.69</td>
<td>6.073</td>
<td>.819</td>
</tr>
<tr>
<td>SP</td>
<td>EARLY RESPONSE</td>
<td>35</td>
<td>14.57</td>
<td>4.539</td>
<td>.767</td>
</tr>
<tr>
<td></td>
<td>LATE RESPONSE</td>
<td>55</td>
<td>15.85</td>
<td>4.436</td>
<td>.598</td>
</tr>
<tr>
<td>AE</td>
<td>EARLY RESPONSE</td>
<td>35</td>
<td>14.46</td>
<td>4.514</td>
<td>.763</td>
</tr>
<tr>
<td></td>
<td>LATE RESPONSE</td>
<td>55</td>
<td>15.36</td>
<td>4.257</td>
<td>.574</td>
</tr>
<tr>
<td>EC</td>
<td>EARLY RESPONSE</td>
<td>35</td>
<td>16.26</td>
<td>5.288</td>
<td>.894</td>
</tr>
<tr>
<td></td>
<td>LATE RESPONSE</td>
<td>55</td>
<td>15.80</td>
<td>5.205</td>
<td>.702</td>
</tr>
<tr>
<td>CA</td>
<td>EARLY RESPONSE</td>
<td>35</td>
<td>15.03</td>
<td>5.148</td>
<td>.870</td>
</tr>
<tr>
<td></td>
<td>LATE RESPONSE</td>
<td>55</td>
<td>16.18</td>
<td>5.611</td>
<td>.757</td>
</tr>
<tr>
<td>THRD</td>
<td>EARLY RESPONSE</td>
<td>35</td>
<td>29.34</td>
<td>7.149</td>
<td>1.208</td>
</tr>
<tr>
<td></td>
<td>LATE RESPONSE</td>
<td>55</td>
<td>30.11</td>
<td>10.404</td>
<td>1.403</td>
</tr>
</tbody>
</table>

Table 5.8: Independent Samples T tests for Non-Response Bias

<table>
<thead>
<tr>
<th>Levene's Test for Equality of Variances</th>
<th>t-test for Equality of Means</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
</tr>
<tr>
<td>IO</td>
<td>.268</td>
</tr>
<tr>
<td>IHRs</td>
<td>.997</td>
</tr>
<tr>
<td>SP</td>
<td>.136</td>
</tr>
<tr>
<td>AE</td>
<td>.025</td>
</tr>
<tr>
<td>EC</td>
<td>.039</td>
</tr>
<tr>
<td>CA</td>
<td>1.155</td>
</tr>
<tr>
<td>THRD</td>
<td>3.309</td>
</tr>
</tbody>
</table>

As discussed under Section 5.3, the responding firms were representative of those surveyed since they represented a cross-section of industries. This is also an indication of non-response bias since the sample is representative, as suggested by Chan et al. (2004) and Teo (2000).
Response Bias

Response bias is a type of cognitive bias which creeps in a survey if respondents answer questions in the way they think the questioner wants them to answer rather than according to their own beliefs. The responses to the research instruments may be limited by self-reporting. As noted in the literature, self-reports are subject to common method/response bias and therefore, are susceptible to inflation of the correlations among the research variables (Ferguson & Reio, 2010; Podsakoff et al., 2003).

Keeping the above in mind, care was taken to ensure that the questionnaire met the requirements of face and content validity. Assessing validity is an essential part of instrument development process because it provides information about the accuracy and precision of measurement. The questionnaire was developed through several meticulous stages to ensure this. This has already been discussed in the previous chapter. Further researchers have opined that poorly worded items increase respondent bias (Malhotra & Dash, 2011). Ambiguous question wording can create confusion or even shift the meaning of the construct (Huselid & Becker, 2000; Podsakoff et al., 2003). Questionnaire items should be able to capture the specific substantive focus of the construct being assessed (Arthur & Boyles, 2007). Thus, questionnaire wording and format were paid special attention to keep the items as simple, specific and objective as possible. In addition to this, the questionnaire colour was given due consideration to make the questionnaire appealing as the questionnaire colour and appearance has an effect on respondent fatigue and is likely to affect response rate and response bias (Bender, 1957; Fox et al., 1988; Jobber & Sanderson, 1983; Phipps et al., 1991).

Common method bias is a potential problem whenever data are collected from a single data collection source. To address this issue, Podsakoff and Organ (1986) describe ‘scale re-ordering’ as a procedural option for minimizing common method variance. This entails sequencing the measurement items related to the independent variable before the items related to the dependent variable in the survey instrument. The survey instrument used in this study was structured in such a way so that the items related to international orientation preceded the items related to HR roles. Suggestions of Podsakoff et al. (2003) of having separate scale formats to reduce monotony and bias were also followed. Thus, as discussed in the preceding
chapter, a 5-point Likert scale of strongly agree-strongly disagree was used while in case of measuring THRD construct, a five-point scale of decentralized-centralized was deployed.

Further, Harmon’s single-factor test was used as a diagnostic tool to test for possible common method response/bias. When using this statistical procedure, an Exploratory Factor Analysis (EFA) of all the variables is performed. If a single factor emerges, then a substantial amount of common method bias is present (Chang & Chi, 2007; Ferguson & Reio, 2010; Podsakoff et al., 2003; Takeuchi et al., 2003). On the basis of the Eigenvalue greater than 1 heuristic (Delgado-Ballester et al., 2003), thirteen principal components were extracted that accounted for 84.57% of the total variance. While the first factor accounted for 28.98% of the total variance, it did not account for a majority of the variance. Based upon these results, it can be safely well asserted that the study does not suffer from common method bias. Table 5.9 presents the total variance explained by EFA.

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
</tr>
<tr>
<td>2</td>
<td>5.845</td>
<td>10.823</td>
</tr>
<tr>
<td>3</td>
<td>4.190</td>
<td>7.760</td>
</tr>
<tr>
<td>6</td>
<td>2.453</td>
<td>4.542</td>
</tr>
<tr>
<td>7</td>
<td>1.978</td>
<td>3.664</td>
</tr>
<tr>
<td>8</td>
<td>1.579</td>
<td>2.923</td>
</tr>
<tr>
<td>9</td>
<td>1.532</td>
<td>2.837</td>
</tr>
<tr>
<td>10</td>
<td>1.274</td>
<td>2.360</td>
</tr>
<tr>
<td>11</td>
<td>1.251</td>
<td>2.316</td>
</tr>
<tr>
<td>12</td>
<td>1.108</td>
<td>2.052</td>
</tr>
<tr>
<td>13</td>
<td>1.006</td>
<td>1.863</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

Note: Only the 13 factors generated in EFA are depicted.
5.6. Measurement Model

Specifying the measurement model consists of assigning indicators e.g. actual measures or questionnaire items to a latent variable or construct (Garver & Mentzer, 1999). A thorough measurement analysis on research instruments is essential because it provides confidence that the items accurately reflect the latent constructs. Measurement scales must exhibit unidimensionality, reliability, and validity (Green et al., 2006). The first step in the statistical process is to test constructs in the measurement model for unidimensionality followed by reliability and validity testing (Anderson & Gerbing, 1991; Steenkamp & Trijp, 1991).

5.6.1. Assessment of Unidimensionality

The concept of unidimensionality checks the extent to which items on a scale estimate only one construct. Lack of unidimensionality may necessitate purifying the scale by removing some items that have weak loadings on the proposed construct.

The primary approach for scale refinement or purification, is to rely on Confirmatory Factor Analysis (CFA) to ensure unidimensionality (Mentzer et al., 1999). Thus, CFA using LISREL 8.50 was deployed to assess the unidimensionality of the scales.

To conduct CFA, a measurement model consisting of the collection of scales, each defined according to a weighted linear combination of the items, is first specified. The items comprising each construct are then examined for dimensionality. For that purpose, a measurement model was specified to have one factor and items was prescribed to load on their specified latent variables. Recent researchers in the area of HR have increasingly preferred this approach over conventional EFA approach due to its conceptual strengths (Tackeuchi et al., 2003; Gowen III et al., 2006; Whitener, 2001). CFA is believed to deliver a more rigorous test of construct validity compared to traditional methods (Medsker et al., 1994).

The Process of Scale Purification

The measurement model was estimated based on standardized loadings for each of the scales viz. International Orientation (IO), International Human Resource
Strategy (IHRS), Type of Human Resource Department (THRD), HR Roles viz. Strategic Partner (SP), Administrative Expert (AE), Employee Champion (EC), and Change Agent (CA). Fit indices obtained in CFA using LISREL should ideally correspond to the recommended values (as discussed in section 5.2). Goodness-of-Fit Index (GFI), Adjusted Goodness-of-Fit Index (AGFI) Comparative Fit Index (CFI), Normed Fit Index (NFI), Non Normed Fit Index (NNFI), Root Mean Square Error of Approximation (RMSEA) and chi-square/degree of freedom ratio are the commonly used fit indices for determining model fit.

GFI of more than 0.90 or even 0.8 for the model suggests that evidence for unidimensionality exists (Joreskog & Sorbom, 2002). Apart from GFI, the fit for the model can be determined based on the following fit indices viz AGFI, CFI, NFI and NNFI, all of which should ideally be greater than 0.9 (Joreskog & Sorbom, 2002). Value of less than 0.08 for RMSEA or even less than 0.1 is acceptable (Hu & Bentler, 1999; Schumacher & Lomax, 2004). The chi square/ degree of freedom ratio of less than 3 has been advocated as an acceptable level of fit (Carmines & McIver, 1981). The factor loadings should be statistically significant. Item loading retention rules indicate that item loadings should be more than 0.3 (Hill & Petty, 1995; Tinsley & Tinsley, 1987) and at least three items should load on each factor (Bawa, 2004; Tansey et al., 2001).

Type of Human Resource Department (THRD): When the measurement model was estimated for the original 13 item THRD Scale, the fit indices obtained did not give very satisfactory values. The AGFI & GFI values were less than the desired 0.9 or 0.8 and item loadings in some cases were less than 0.3. In case of non-acceptable results, more parsimonious models with better fit could be constructed (Jöreskog & Sörbom, 2002). Since the 13-item scale was not found to be unidimensional, it was decided to obtain a purified scale with the help of item reduction. This is a well documented practice in business research (Bawa, 2004; Goodwin et al., 1985; Lan 2010; Lee 2007).

CFA was performed in iterative runs to get a unidimensional model with better fits. The iterative process helps obtain stronger fitting single factor model (Anderson & Gerbing, 1988). During each iteration one item was reduced based on lowest item loading value. The procedure of scale purification continued till the fit indices became acceptable and the value of all standardized loadings was more than 0.3.
This signaled that significant differences no longer existed amongst the items on the scale and unidimensionality existed. The purified scale had 10 items. The fit indices for the original and purified scales are given in Table 5.10.

The indices improved after scale refinement in light of the recommended values, thus indicating a better fitting measurement model. The measurement model based on standardized solution for the refined THRD scale is shown in exhibit 5.1.

Exhibit 5.1: Measurement Model of THRD Scale

International Human Resource Strategy (IHRS): When the measurement model was estimated for the original 7-item IHRS Scale, the fit indices obtained gave satisfactory values. The GFI, NFI, NNFI and CFI values were more than the recommended level and the lowest standardized loading value was more than 0.4. Therefore the 7-item scale was found to be unidimensional. The measurement model based on standardized solution for this scale is shown in exhibit 5.2.

Exhibit 5.2: Measurement Model of IHRS Scale
**International Orientation (IO):** When the measurement model was estimated for the original 4-item IO Scale, the fit indices obtained gave satisfactory values. The GFI, NFI, NNFI and CFI values were more than the desired value and the lowest standardized loadings value was 0.6 which is relatively high. Therefore the 4-item scale was established as unidimensional. The measurement model based on standardized solution for the IO scale is shown in exhibit 5.3

![Exhibit 5.3: Measurement Model of IO Scale](image)

**Strategic Partner Role (SP):** Measurement model was estimated for the original 5-item SP Scale. The fit indices obtained give satisfactory values. The GFI, NFI, NNFI and CFI values were more than the desired level and the lowest standardized loading value was more than 0.4. Therefore the 5-item scale was found to be unidimensional. The measurement model based on standardized solution for the SP scale is shown in exhibit 5.4

![Exhibit 5.4: Measurement Model of SP Scale](image)
Administrative Expert Role (AE): CFA was performed on the 5-item AE scale and it was found that the scale was unidimensional. The fit indices obtained had satisfactory values. The GFI, NFI, NNFI and CFI values were acceptable and the lowest standardized loading was more than 0.4. The measurement model based on standardized solution for the AE scale is shown in exhibit 5.5

Exhibit 5.5: Measurement Model of AE Scale

Employee Champion Role (EC): When CFA was performed, for the original 5-item EC Scale, the fit indices obtained gave satisfactory values. All the indices were more than the desired level and the lowest standardized loading value was 0.6. Therefore the scale was found to be unidimensional. The measurement model based on standardized solution for the EC scale is shown in exhibit 5.6

Exhibit 5.6: Measurement Model of EC Scale
Change Agent Role (CA): When CFA was performed, it was found that the CA scale was unidimensional. When the measurement model was estimated for the original 5-item CA Scale, the fit indices obtained give satisfactory values. The fit indices were more than the desired level and the lowest standardized loading value was 0.57. The measurement model based on standardized solution for the CA scale is shown in exhibit 5.7

Exhibit 5.7: Measurement Model of CA Scale

Table 5.10 depicts the fit indices for all the study scales.

Table 5.10: Fit Indices for the Study Scales

<table>
<thead>
<tr>
<th>Scale</th>
<th>Scale Version*</th>
<th>GFI</th>
<th>NFI</th>
<th>NNFI</th>
<th>CFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>THRD</td>
<td>Original</td>
<td>0.68</td>
<td>0.53</td>
<td>0.50</td>
<td>0.58</td>
</tr>
<tr>
<td></td>
<td>Refined</td>
<td>0.90</td>
<td>0.80</td>
<td>0.70</td>
<td>0.80</td>
</tr>
<tr>
<td>IO</td>
<td>Original</td>
<td>0.95</td>
<td>0.96</td>
<td>0.90</td>
<td>0.97</td>
</tr>
<tr>
<td></td>
<td>Refined</td>
<td>0.94</td>
<td>0.80</td>
<td>0.78</td>
<td>0.81</td>
</tr>
<tr>
<td>IHRS</td>
<td>Original</td>
<td>0.85</td>
<td>0.80</td>
<td>0.74</td>
<td>0.93</td>
</tr>
<tr>
<td>SP</td>
<td>Original</td>
<td>0.88</td>
<td>0.90</td>
<td>0.90</td>
<td>0.90</td>
</tr>
<tr>
<td>AE</td>
<td>Original</td>
<td>0.97</td>
<td>0.98</td>
<td>0.98</td>
<td>0.99</td>
</tr>
<tr>
<td>EC</td>
<td>Original</td>
<td>0.83</td>
<td>0.85</td>
<td>0.65</td>
<td>0.82</td>
</tr>
</tbody>
</table>

*Note: Only the THRD scale was needed to be refined.

5.6.2. Assessment of Reliability

Reliability and validity are the tools used to evaluate the characteristics of a good measurement scale and these tools involve measurement of accuracy and applicability (Cooper & Schindler, 2006; Malhotra & Dash 2011). The main
reason for performing validity and reliability analysis is the reduction of measurement errors. In other words, the idea is to develop a measurement that reflects a true score of the variables being measured (Churchill & Iacobucci, 2002).

Once the unidimensionality of the scales is established, an assessment of reliability is necessary before further validation analysis is performed (Anderson & Gerbing, 1991; Mentzer et al., 1999; Steenkamp & Trijp, 1991). There is a virtual consensus among researchers that for a scale to be valid it must first be established as reliable (Peterson, 1994). Reliability concerns the consistency, precision and repeatability of the indicator (Kline, 1998). As measurement errors are generally divided into two kinds - random error and systematic error, reliability concerns random error (Bartholomew, 1996). Reliability of a measurement refers to the consistency of its items (Hair et al., 2006).

**Cronbach's Alpha**

The most commonly used measure is Cronbach's Coefficient Alpha, which is derived from the assumption that if all the items are drawn from the domain of a single construct, responses to the items composing the measurement model should be highly correlated (Hatcher, 1994). When Cronbach's $\alpha$ equals 0, the true score is not measured and there is only an error component. When alpha equals 1.0, all items measure only the true score, and there is no error component. A Cronbach's $\alpha$ of 0.7 is a rule-of-thumb as an acceptable level of agreement, but many researchers require a cut-off of .8 for a good scale (Nunnally 1978, Nunnally & Berstein, 1994; Werts et al., 1974). The reliability test for all the constructs recorded excellent reliability with coefficient alphas of above 0.7. Cronbach alpha values for all the scales are given in Table 5.11.

Apart from Cronbach's alpha, Garver and Mentzer (1999) recommend computing the SEM based construct-reliability and variance extracted measures for scale reliability. SEM values are more authentic as they do not underestimate or overestimate scale reliability (Hair et al., 2008). Thus, the construct reliability and variance extracted measures for each construct were also examined.
**Construct Reliability (CR)**

It is a LISREL generated estimate for internal consistency analogous to Cronbach alpha. The formula for calculating CR is:

\[
CR = \frac{\sum_{i=1}^{n} s_{li}^2}{\left(\sum_{i=1}^{n} s_{li}^2 + \sum_{i=1}^{n} e_i\right)^2}
\]

Where, \( s_{li} \) is the standardized loadings for the indicators for the particular latent variable and \( e \) is the corresponding error terms. Fornell and Bookstein (1982) stated that CR value higher than 0.6 implies that there is high internal consistency.

**Variance Extracted (VE)**

A complementary measure of construct reliability is the variance extracted measure. Variance extracted estimates assess the amount of the variance captured by the construct’s measure in relation to variance due to random measurement error. Its formula, which is a variation of construct reliability is given as under:

\[
VE = \frac{\sum_{i=1}^{n} s_{li}^2}{\sum_{i=1}^{n} s_{li}^2 + \sum_{i=1}^{n} e_i}
\]

Variance extracted at 0.5 or higher is generally considered acceptable (Fornell and Larcker, 1981). The CR and VE values as computed by the above formulae exceeded or were close to the recommended values. Table 5.9 depicts Cronbach alpha, CR and VE values for all the scales.
Table 5.11: Scale Reliability of the Study Scales

<table>
<thead>
<tr>
<th>CONSTRUCT</th>
<th>CRONBACH ALPHA</th>
<th>CONSTRUCT RELIABILITY</th>
<th>VARIANCE EXTRACTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>THRD</td>
<td>.77</td>
<td>.79</td>
<td>.46</td>
</tr>
<tr>
<td>IHRS</td>
<td>.84</td>
<td>.96</td>
<td>.80</td>
</tr>
<tr>
<td>IO</td>
<td>.88</td>
<td>.89</td>
<td>.67</td>
</tr>
<tr>
<td>SP</td>
<td>.85</td>
<td>.85</td>
<td>.55</td>
</tr>
<tr>
<td>AE</td>
<td>.84</td>
<td>.85</td>
<td>.54</td>
</tr>
<tr>
<td>EC</td>
<td>.88</td>
<td>.89</td>
<td>.63</td>
</tr>
<tr>
<td>CA</td>
<td>.88</td>
<td>.88</td>
<td>.61</td>
</tr>
</tbody>
</table>

5.6.3. Assessment of Validity

Validity of the scale may be defined as the extent to which differences in observed scale scores reflect true differences among objects of the characteristic being measured (Malhotra & Dash 2011). The scale has validity if it is measuring the concept it was intended to measure (Bagozzi, 1981). Construct validity addresses the question of what construct or characteristic the scale is measuring (Cronbach & Meehl, 1995). Convergent & discriminant validity were tested for the study scales. Since the scales have been assessed for unidimensionality and reliability, they qualify for a test of their validity, as suggested by researchers (Flynn et al., 1994; Gerbing & Anderson, 1988).

**Convergent Validity**

Convergent validity is a check of the fact that items in a scale correlate positively with each other (Campbell & Fiske, 1959). A construct is said to possess convergent validity if measures of the same construct converge or are highly correlated (Kaplan & Sacuzzo, 1993). Convergent validity shows that the scale represents one dimension or factor. In the one-factor model, the scale (latent variable) is unidimensional and, therefore, indicators converge to represent a single construct.

Internal consistency or reliability itself can be seen as a type of convergent validity which seeks to establish evidence that there is reasonable correlation among the indicators (Kaplan & Sacuzzo, 1993). Since unidimensionality and high internal consistency of the seven study scales has already been established, evidence of moderate convergent validity can be said to be existing.
Evidence of convergent validity can be assessed in other ways too. Bagozzi et al., (1988) suggested that all items should load on their hypothesized dimension and the estimates should be positive and significant. Garver and Mentzer (1999) recommended parameter estimates for the individual measurement items to assess convergent validity. If item loadings within each construct are relatively high (i.e. greater than 0.40), it can be seen as sufficient proof of the existence of convergent validity (Mentzer et al., 1999). Majority of the parameter estimates in the study scales had loading more than 0.40 thus indicative of high convergent validity. Anderson and Gerbing (1988) stated that convergent validity may also be assessed through $t$ values for the factor loadings. This is seen as a very rigorous measure for assessing convergent validity when deploying SEM. If all $t$ values are over 2 (p=0.001) then this is viewed as evidence supporting convergent validity (Anderson and Gerbing, 1988). Mentzer et al., (1999) recommend $t$ values to be greater than 1.96 for convergent validity. Exhibits 5.8 to 5.13 show the measurement model for each scale based on $t$ values. It is to be noted that in all cases, $t$ values are more than 2, thus indicating that convergent validity is high.

Exhibit 5.8: T-values for IO Scale: Convergent Validity

Exhibit 5.9: T-values for IHRS Scale: Convergent Validity
Exhibit 5.11: T-values for THRD Scale: Convergent Validity

Exhibit 5.10: T-values for SP Scale: Convergent Validity

Exhibit 5.11: T-values for AE Scale: Convergent Validity
As evident from the above exhibits, measurement model of all scales had $t$ values more than 2, thus demonstrating high convergent validity.

**Discriminant Validity**

Discriminant validity refers to the extent to which a certain construct is different from other constructs (Chen, Aryee and Lee, 2003). It is the extent to which the items representing a latent variable discriminate that construct from other items representing other latent variables (Mentzer et al., 1999). That is, despite correlation, each scale should represent a distinct concept (Garver & Mentzer, 1999). It means that items from one scale should not load or converge too closely with items from a different scale (Garver & Mentzer, 1999). Therefore, relatively
low correlations between variables indicate the presence of discriminant validity. To assess discriminant validity, correlations between constructs were examined. As can be seen from Table 5.12, the correlations among different constructs are not very high which constitutes sound evidence of discriminant validity.

### Table 5.12: Correlations, Shared Variance and AVE for Discriminant validity

<table>
<thead>
<tr>
<th>CONSTRUCT</th>
<th>THR</th>
<th>IHR</th>
<th>I</th>
<th>SP</th>
<th>AE</th>
<th>EC</th>
<th>CA</th>
</tr>
</thead>
<tbody>
<tr>
<td>THR</td>
<td>.807</td>
<td>.042</td>
<td>.026</td>
<td>.019</td>
<td>.112</td>
<td>.112</td>
<td>.112</td>
</tr>
<tr>
<td>IHR</td>
<td>.205</td>
<td>.678</td>
<td>.669</td>
<td>.373</td>
<td>.317</td>
<td>.640</td>
<td>.511</td>
</tr>
<tr>
<td>I</td>
<td>.161</td>
<td>.818</td>
<td>.543</td>
<td>.497</td>
<td>.540</td>
<td>.810</td>
<td>.731</td>
</tr>
<tr>
<td>SP</td>
<td>.137</td>
<td>.611</td>
<td>.705</td>
<td>.636</td>
<td>.1397</td>
<td>.438</td>
<td>.713</td>
</tr>
<tr>
<td>AE</td>
<td>.334</td>
<td>.563</td>
<td>.747</td>
<td>.630</td>
<td>.614</td>
<td>.534</td>
<td>.587</td>
</tr>
<tr>
<td>EC</td>
<td>.353</td>
<td>.800</td>
<td>.900</td>
<td>.662</td>
<td>.744</td>
<td>.544</td>
<td>.857</td>
</tr>
<tr>
<td>CA</td>
<td>.383</td>
<td>.715</td>
<td>.855</td>
<td>.713</td>
<td>.766</td>
<td>.926</td>
<td>.722</td>
</tr>
</tbody>
</table>

Note: Correlations are below the diagonal, squared correlations (shared variance) are above the diagonal, and AVE estimates are presented on the diagonal.

Fornell and Larcker (1981) also present a method for assessing the discriminant validity of two or more factors by comparing the Variance Extracted (VE) of each construct with the shared variance between constructs. If the VE for each construct is greater than its shared variance with any other construct, discriminant validity is supported. The VE estimate is the average amount of variation that a latent construct is able to explain in the observed variables to which it is theoretically related. Shared variance is the amount of variance that a construct is able to explain in another variable construct. It is represented by the square of the correlation between any two variables constructs. If independent variables are correlated, they share some of their predictive power over dependent variables (Hair et al., 2006). This method was used in the present research to establish that discriminant validity exists as evident from Table 5.12.

Further, discriminant validity is assessed through inter item correlations, to assess the “success” of an item to correlate more strongly with its hypothesized scale than with any other scale within the questionnaire is assessed. Inter-item correlations provide a strong test of both convergent and discriminant validity showing that items of a construct correlate strongly among them but are discriminant from other items of other constructs (Mentzer et al., 1999). It can be seen from Table 5.13 that most of the correlation values are strongly correlated.
among themselves but are discriminant from other items of other constructs and thus supporting both convergent and discriminant validity.

Table 5.13: Inter-item Correlations for Convergent and Discriminant Validity

<table>
<thead>
<tr>
<th>CONSTRUCT</th>
<th>THRD</th>
<th>IHRS</th>
<th>IO</th>
<th>SP</th>
<th>AE</th>
<th>EC</th>
<th>CA</th>
</tr>
</thead>
<tbody>
<tr>
<td>THRD</td>
<td>.08-.62</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>IHRS</td>
<td>.02-.43</td>
<td>.14-.80</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>IO</td>
<td>.01-.39</td>
<td>.08-.75</td>
<td>.46-.80</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SP</td>
<td>.01-.33</td>
<td>.09-.59</td>
<td>.06-.76</td>
<td>.25-.79</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>AE</td>
<td>.01-.41</td>
<td>.06-.66</td>
<td>.20-.67</td>
<td>.04-.69</td>
<td>.19-.75</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>EC</td>
<td>.01-.42</td>
<td>.02-.60</td>
<td>.14-.79</td>
<td>.15-.59</td>
<td>.09-.72</td>
<td>.39-.79</td>
<td>-</td>
</tr>
<tr>
<td>CA</td>
<td>.01-.42</td>
<td>.04-.67</td>
<td>.36-.78</td>
<td>.13-.70</td>
<td>.24-.65</td>
<td>.16-.78</td>
<td>.29-.81</td>
</tr>
</tbody>
</table>

Note: The values depict lowest and highest value (range) of inter correlations among items of a construct.

Further, GFI values also act as an indicator of both convergent and discriminant validity as shown in Table 5.8, GFI for all scales was more than 0.8 or 0.9 therefore, the scales support both convergent and discriminant validity.

5.7. Structural Model Assessment

The specification of structural models allows the testing of hypotheses on the effects between different latent variables. In these models, exogenous variables represent independent latent factors that are not predicted by any variable within the model (Llusar & Martin, 2006). Estimation of structural models consists of two steps (Anderson and Gerbing, 1988). The first step entails assessing the fit of the proposed model to the observed data. If the model does not acceptably fit the data, individual hypotheses cannot be examined. In the second step, the statistical significance and magnitude of the structural parameters is evaluated (corresponding to the relationships between variables).

The structural model was estimated for each of the constructs viz. International Orientation (IO) as independent variable, International Human Resource Strategy (IHRS) as mediating variable, Type of Human Resource Department (THRD) as moderating variable and HR Roles viz. Strategic Partner (SP), Administrative Expert (AE), Employee Champion (EC), and Change Agent (CA) as dependent variables. Table 5.14 lists down the constructs and retained items after scale purification which were included in the structural models.
<table>
<thead>
<tr>
<th>Constructs</th>
<th>Description of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>International Orientation (IO): Independent Variable</strong></td>
<td></td>
</tr>
<tr>
<td>IO 1</td>
<td>Internationalization viewed critical to company’s future</td>
</tr>
<tr>
<td>IO 2</td>
<td>International objectives are essential to company’s future plans</td>
</tr>
<tr>
<td>IO 3</td>
<td>Management’s willingness to take risks in international markets</td>
</tr>
<tr>
<td>IO 4</td>
<td>Internationalization seen as an opportunity</td>
</tr>
<tr>
<td><strong>International Human Resource Strategy (IHRS): Mediating Variable</strong></td>
<td></td>
</tr>
<tr>
<td>IHRS 1</td>
<td>High status for international managers</td>
</tr>
<tr>
<td>IHRS 2</td>
<td>High rewards for international managers</td>
</tr>
<tr>
<td>IHRS 3</td>
<td>Incentive programmes for managers who expand international activities</td>
</tr>
<tr>
<td>IHRS 4</td>
<td>Hiring on the basis of international experience</td>
</tr>
<tr>
<td>IHRS 5</td>
<td>Promotions on the basis of international experience</td>
</tr>
<tr>
<td>IHRS 6</td>
<td>Training and development programmes in international business</td>
</tr>
<tr>
<td>IHRS 7</td>
<td>International activities a part of performance review</td>
</tr>
<tr>
<td><strong>Type of Human Resource Department (THRD): Moderating Variable</strong></td>
<td></td>
</tr>
<tr>
<td>THRD 1</td>
<td>Structure of the HR department</td>
</tr>
<tr>
<td>THRD 2</td>
<td>Mobility of high-level management</td>
</tr>
<tr>
<td>THRD 3</td>
<td>Expatriate transfer</td>
</tr>
<tr>
<td>THRD 4</td>
<td>Employment terms and contracts</td>
</tr>
<tr>
<td>THRD 5</td>
<td>Manpower planning</td>
</tr>
<tr>
<td>THRD 6</td>
<td>Recruitment and Selection</td>
</tr>
<tr>
<td>THRD 7</td>
<td>Career development</td>
</tr>
<tr>
<td>THRD 8</td>
<td>Pay and benefits</td>
</tr>
<tr>
<td>THRD 9</td>
<td>Performance appraisal</td>
</tr>
<tr>
<td>THRD 10</td>
<td>Industrial relations</td>
</tr>
<tr>
<td><strong>HR Roles (SP, AE, EC, CA): Dependent Variables</strong></td>
<td></td>
</tr>
<tr>
<td>SP 1</td>
<td>Accomplishing strategic goals</td>
</tr>
<tr>
<td>SP 2</td>
<td>Defining internationalization strategies</td>
</tr>
<tr>
<td>SP 3</td>
<td>Ensuring HR strategies aligned with internationalization strategy</td>
</tr>
<tr>
<td>SP 4</td>
<td>Measuring HR effectiveness through contribution to internationalization</td>
</tr>
<tr>
<td>SP 5</td>
<td>Spending considerable time on planning vis-à-vis internationalization</td>
</tr>
<tr>
<td>AE 1</td>
<td>Focusing on improving operating efficiency of internationalization process</td>
</tr>
<tr>
<td>AE 2</td>
<td>Involvement in routine work during internationalization process</td>
</tr>
<tr>
<td>AE 3</td>
<td>Efficient delivery of HR process during internationalization</td>
</tr>
<tr>
<td>AE 4</td>
<td>HR effectiveness rated through efficiency in internationalization</td>
</tr>
<tr>
<td>AE 5</td>
<td>Time spent on administrative issues</td>
</tr>
<tr>
<td>EC 1</td>
<td>Taking care of HR issues during internationalization</td>
</tr>
<tr>
<td>EC 2</td>
<td>Improving employee commitment during internationalization</td>
</tr>
<tr>
<td>EC 3</td>
<td>Making internationalization strategies responsive to employee needs</td>
</tr>
<tr>
<td>EC 4</td>
<td>HR effectiveness measured through ability in meeting employee needs</td>
</tr>
<tr>
<td>EC 5</td>
<td>Spending time addressing employee needs during internationalization</td>
</tr>
<tr>
<td>CA 1</td>
<td>Adapting to change during internationalization</td>
</tr>
<tr>
<td>CA 2</td>
<td>Shaping cultural change demanded by internationalization</td>
</tr>
<tr>
<td>CA 3</td>
<td>Aiding organization’s ability to internationalize</td>
</tr>
<tr>
<td>CA 4</td>
<td>HR effectiveness linked to ability to aid change during internationalization</td>
</tr>
<tr>
<td>CA 5</td>
<td>Promoting behaviors that support change during internationalization</td>
</tr>
</tbody>
</table>
Examining the Control Variables

For the present study, three dimensions of organizational characteristics were deemed to be control variables viz. sector to which the company belongs (manufacturing/service), ownership (public/private sector), and size of the company (number of employees). To assess the need to control for the effect of these variables in the structural analysis, all the control variables were included in a correlation matrix along with the constructs of study, as suggested by Green et al. (2006). The results are given in Table 5.15.

Table 5.15: Correlation matrix for control variables

<table>
<thead>
<tr>
<th>Control variable</th>
<th>Test</th>
<th>THRD</th>
<th>IHRS</th>
<th>IO</th>
<th>SP</th>
<th>AE</th>
<th>EC</th>
<th>CA</th>
</tr>
</thead>
<tbody>
<tr>
<td>SZ</td>
<td>Pearson Correlation</td>
<td>-.30</td>
<td>-.13</td>
<td>-.14</td>
<td>-.11</td>
<td>-.17</td>
<td>-.14</td>
<td>-.14</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.00</td>
<td>.21</td>
<td>.18</td>
<td>.30</td>
<td>.10</td>
<td>.16</td>
<td>.16</td>
</tr>
<tr>
<td>OWN</td>
<td>Pearson Correlation</td>
<td>.27</td>
<td>.05</td>
<td>.08</td>
<td>.02</td>
<td>.22</td>
<td>.18</td>
<td>.16</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.01</td>
<td>.60</td>
<td>.41</td>
<td>.79</td>
<td>.03</td>
<td>.08</td>
<td>.11</td>
</tr>
<tr>
<td>SR</td>
<td>Pearson Correlation</td>
<td>.25</td>
<td>.36</td>
<td>.12</td>
<td>.15</td>
<td>.14</td>
<td>.16</td>
<td>.23</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.01</td>
<td>.00</td>
<td>.25</td>
<td>.15</td>
<td>.17</td>
<td>.12</td>
<td>.02</td>
</tr>
</tbody>
</table>

As can be seen from Table 5.15, none of the control variables were found to be significantly correlated with the study variables i.e. all correlation values indicate weak correlation. Thus, it was ascertained that the hypothesized control variables did not have a significant influence on the relationships and hence, none of them was included in the structural model.

Estimation of the Structural Models

In this study, separate structural models with direct and indirect effects for each HR role were estimated. The structural model was with International Orientation (IO) as independent variable, International Human Resource Strategy (IHRS) as mediating variable, Type of Human Resource Department (THRD) as moderating variable and HR Roles viz. Strategic Partner (SP), Administrative Expert (AE), Employee Champion (EC), and Change Agent (CA) as dependent variables. The direct impact of IO on each HR Role (e.g. SP, AE, EC, CA) was examined. At the same time, the indirect impact of IO on HR roles through the mediating variable IHRS was also examined. Further, models examining moderating effects of THRD
on the relationship between IHRS and each HR Role (e.g. SP, AE, EC, CA) were examined.

Standardized solutions of the structural models were used to verify the relationships included in the hypotheses. Based on the path coefficients, research hypotheses were tested. For each HR role, three models M1(a), M1(b), M1(c) were estimated. For instance, in the case of Strategic Partner role, the first model M1(a) was estimated to measure the impact of International Orientation and International Human Resource Strategy on the Strategic Partner role and also to measure the mediating role of IHRS on the relationship between IO and SP role. The second and third models viz. M1(b), M1(c) were estimated to measure the moderating effect of Type of Human Resource Department on the relationship between IHRS and SP role. Similarly, other models are also estimated for other HR Roles viz. AE, EC, and CA as M2(a), (b), (c); M3 (a), (b), (c) and M4 (a), (b), (c) respectively.

**Examining Mediation Effects:** To examine mediation effect, the SEM based technique of outlining the product of coefficients involving direct and indirect paths in a model is adopted (Mustapha et al., 2010). SEM is the method preferred for mediation analysis (Frazier et al., 2004). Following the above approach, the model with independent variable, mediator and dependent variable is tested (as shown below). If product of coefficients of indirect paths (path from independent to mediator and from mediator to dependent variable i.e. \(a \times b\)) is greater than the coefficient of direct path (c), then indirect effects are said to be present in the model.

**Direct and Indirect paths for Mediation Model**

![Diagram of Mediation Model]

This approach for assessing mediation has been the most widely used method in SEM based models. In the present study, the mediation effect of IHRS on the relationship between IO and HR Roles (e.g. SP, AE, EC, CA) has been examined. The findings of mediation analysis are discussed in the succeeding sections.
Experiencing the Moderation Effects

Type of Human Resource Department (THRD) was considered as a moderating variable in the relationship between IHRS and HR Roles. This study adopts Joreskog and Yang’s (1996) approach to examine the interaction effects to test the moderation effect of THRD on the relationship between IHRS and HR Roles.

In the present research, Joreskog and Yang’s (1996) recommendations are used to examine the interaction effects using the maximum likelihood estimation method with one product variable. In order to carry out this procedure, we first estimated the structural model that includes the three variables (THRD, IHRS and HR Roles), but not the latent interaction term, to assess the global fit of the model. Secondly, the latent interaction variable is created by multiplying the latent variable scores of the latent independent variables (i.e. IHRS*THRD). Each of these structural models comprises three latent factors viz. IHRS, THRD and each HR Role. Joreskog and Yang (1996) argued that only one product variable is necessary to test the significance of the interaction effects. The reason is that the model is identified with just one product variable. The addition of more product variables simply adds more manifest parameters without adding new parameters to be estimated. The model using only one product variable is parsimonious and more appropriate (Joreskog & Yang, 1996).

For the interaction model, the item with the largest factor loading on IHRS and the item with the largest factor loading on THRD were selected to create the interaction latent variable i.e. IHRSTHRD as suggested by Russell et al. (2004).

In the analysis, each structural model establishes the existence of a relationship between International Orientation (IO), International Human Resource Strategy (IHRS) and each HR Role dimension. A significant coefficient would indicate that a relationship exists between the variables. The magnitude of this relationship can be observed from the value of the coefficient. The estimated models show a good fit, as shown by the fit indices in Tables 5.16, 5.17, 5.18, 5.19. As can be observed, the chi-square statistical significance and values of the fit indices guarantee that problems associated with mis-specification in the structural models will not appear.
5.7.1. Model vis-à-vis Strategic Partner Role

As detailed above, three models for each role were tested. Initially a basic model (given in exhibit 5.14) is tested to establish relationships between International Orientation (IO), International Human Resource Strategy (IHRS) and SP Role. Through this model, mediation effect is also tested. Further, two models (given in exhibits 5.15 and 5.16) were tested for moderation effect. The hypotheses tested are:

Role of Mediating Variable

**Hsp1.** International Orientation (IO) has a direct positive relationship with Strategic partner (SP) role.

**Hsp2.** International Human Resource Strategy (IHRS) mediates the relationship between International Orientation (IO) and Strategic partner (SP) role.

Exhibit 5.14: Mediation Model M1(a)- IO, IHRS and SP Role

![Mediation Model M1(a)- IO, IHRS and SP Role](image)

All the parameters and path values from IO-SP of the model M1(a) were statistically significant and model fit is within acceptable range. Hypothesis **Hsp1** was thus, *Accepted*. The result for this hypothesis suggests the presence of strong relationship between IO and SP role.

Exhibit M1(a) shows that the direct effect of IO on SP Role was significant (0.82) while the indirect effects were estimated by products of direct effects. Thus, the indirect effect of IO on SP Role via IHRS was estimated by the product of the effect of IO on IHRS and the effect of the IHRS on SP Role which was
(0.67**)(0.07**) = 0.046. The indirect effect (0.046**) was less than the direct effect (0.82*). Hence, hypothesis \( H_{sp2} \) was Not Accepted suggesting no mediating role of IHRS in the relationship between IO and SP Role

**Role of Moderating Variable**

\( H_{sp3} \): The strength of relationship between International Human Resource Strategy (IHRS) and Strategic Partner (SP) role will be moderated by type of HR department.

Exhibit 5.15: Model M1(b)- IHRS, THRD and SP without Interaction Term

Exhibit 5.16: Model M1(c)- IHRS, THRD and SP with Interaction Term
Results for $H_{sp3}$ suggest that there is no moderating role of THRD in the relationship between IHRS and SP role (as the value of interaction term IHRS\text{THRD} is -0.69, which is non significant). Hence hypothesis $H_{sp3}$ was Not Accepted. The fit indices for all the models are given in Table 5.16

<table>
<thead>
<tr>
<th>Model</th>
<th>GFI</th>
<th>CFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>M 1(a)</td>
<td>.60</td>
<td>.81</td>
</tr>
<tr>
<td>M 1(b)</td>
<td>.61</td>
<td>.71</td>
</tr>
<tr>
<td>M 1(c)</td>
<td>.60</td>
<td>.71</td>
</tr>
</tbody>
</table>

M1 (b) has the best fitting values, thus problem of mis specified relationships does not exists.

5.7.2. Model vis-à-vis Administrative Expert Role

The established relationships between the components of International Orientation (IO), International Human Resource Strategy (IHRS) and AE Role vis-a-vis internationalization are shown through model M2(a) this model (given in exhibit 5.17) is also tested for mediating effects of IHRS on the relationship between IO and AE role. To test moderating effects two models (given in exhibits 5.18 and 5.19) were also tested. The hypotheses established are mentioned as under.

Role of Mediating Variable

$H_{AE1}$.International Orientation (IO) has a direct positive relationship with Administrative Expert (AE) role.

$H_{AE2}$.International Human Resource Strategy (IHRS) mediates the relationship between International Orientation (IO) and Administrative Expert (AE) role.

The model M2(a) shows good fit to the data, all the parameters and path values from IO-AE of the measurement model M2(a) were statistically significant. Hypothesis $H_{AE1}$ is Accepted for Administrative Expert (AE) role, suggesting significant relationships between constructs (IO-AE).
Exhibit 5.17: Model M2(a) Relationships between IO, IHRS and AE Role

Exhibit M1(a) shows the indirect effect of IO on AE Role via IHRS was estimated by the product of the effects of IO on IHRS and the effect of the IHRS on AE Role which was $(0.85**(0.13**) = -0.110$ Thus, the indirect effect ($-0.110**)$ was less than the direct effect ($0.82*)$. Hence hypothesis $H_{AE2}$ is Not Accepted suggesting no mediating role of IHRS in the relationship between IO and AE Role.

Role of Moderating Variable

$H_{AE3}$: The strength of relationship between International Human Resource Strategy (IHRS) and Administrative Expert (AE) role will be moderated by Type of HR department

Exhibit 5.18: Model M2(b) IHRS, THRD and AE without Interaction Term
Exhibit 5.19: Model M2(c) IHRS, THRD and AE with Interaction Term

Results for $H_{AE3}$ suggest that there is no moderating role of THRD in the relationship between IHRS and AE role (as the value of interaction term IHRSTHRD is -1.57, which is insignificant). Hence hypothesis $H_{AE3}$ was Not Accepted. The fit indices for all the models are given in table 5.17

<table>
<thead>
<tr>
<th>Model</th>
<th>GFI</th>
<th>CFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>M2(a)</td>
<td>.60</td>
<td>.81</td>
</tr>
<tr>
<td>M2(b)</td>
<td>.61</td>
<td>.71</td>
</tr>
<tr>
<td>M2(c)</td>
<td>.58</td>
<td>.71</td>
</tr>
</tbody>
</table>

M2 (b) has the best fitting values, thus problem of mis specified relationships does not exists.

5.7.3. Model vis-à-vis Employee Champion Role

The research hypotheses for employee champion (EC) role are framed on the basis of discussion made in Chapter 4. $H_{EC1}$ and $H_{EC2}$ are tested through model M3(a) and $H_{EC3}$ is tested for moderation through models M3(b) and M3(c). The models to test all the hypotheses regarding EC role are given in exhibits 5.20, 5.21 and 5.22.

Role of Mediating Variable

$H_{EC1}$.International Orientation (IO) has a direct positive relationship with Employee Champion (EC) role.
**Hec2. International Human Resource Strategy (IHRS) mediates the relationship between International Orientation (IO) and Employee Champion (EC) role.**

**Exhibit 5.20: Mediation Model M3(a) for IO, IHRS and EC Role**

All the parameters and path values from IO-EC of the measurement model M3(a) were statistically significant and model fit was within acceptable range, thus supporting Hypothesis HEC1. HEC2 was Not Accepted for Employee Champion (EC) role, as, the products of indirect effects (i.e. 0.21*0.72 = 0.151) is smaller than the direct effect (i.e. 0.82) the result for this hypothesis suggests no mediating role of IHRS in the relationship between IO and EC Role.

**Role of Moderating Variable**

**Hec3: The strength of relationship between International Human Resource Strategy (IHRS) and Employee Champion (EC) role will be moderated by Type of HR Department.**

**Exhibit 5.21: Model M3(b) IHRS, THR and EC without Interaction Term**
The results for $H_{EC}$ suggests that there is no moderating role of THRD in the relationship between IHRS and EC role (as the value of interaction term IHRSTHRD is -1.25, which is non significant). Hence hypothesis $H_{EC}$ was Not Accepted. The fit indices for all the models are given in table 5.18

### Table 5.18: Fit indices for EC

<table>
<thead>
<tr>
<th>Model</th>
<th>GFI</th>
<th>CFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>M3(a)</td>
<td>.62</td>
<td>.85</td>
</tr>
<tr>
<td>M3(b)</td>
<td>.61</td>
<td>.76</td>
</tr>
<tr>
<td>M3(c)</td>
<td>.60</td>
<td>.76</td>
</tr>
</tbody>
</table>

M1 (b) has the best fitting values, thus problem of misspecified relationships does not exists.

#### 5.7.4. Model vis-à-vis Change Agent Role

The discussion provided in Chapter 4 led to the formulation of several hypotheses that established relationships between the components of the International Orientation (IO), International Human Resource Strategy (IHRS) and CA Role. Mediation & Moderation effects are also considered and tested. Models for mediation & moderation are given in exhibits 5.23, 5.24 and 5.25. The hypotheses established are:
Role of Mediating Variable

\(H_{CA1}\): International Orientation (IO) has a direct positive relationship with Change Agent (CA) Role.

\(H_{CA2}\): International Human Resource Strategy (IHRS) mediates the relationship between International Orientation (IO) and Change Agent (CA) role.

Exhibit 5.23: Model M4(a) Relationships between IO, IHRS and CA Role

All the parameters and path values from IO-CA of the measurement model M4(a) were statistically significant and model fit is within acceptable range. Hypothesis \(H_{CA1}\) was Accepted for Change Agent role as all the path values are significant and model shows good fit to the data, Exhibit M4(a) also shows that the direct effect of IO on CA Role was significant and larger than the indirect effect of IO on CA Role via IHRS which was estimated by the product of the effects of IO on IHRS and the effect of the IHRS on CA Role which was \((0.82\*)(0.04\*) = 0.032\). The indirect effect \((0.032\*)\) was less than the direct effect \((0.82\*)\). Hence \(H_{CA2}\) was Not Accepted the result for this hypothesis suggests no mediating role of IHRS in the relationship between IO and CA Role.

Role of Moderating Variable

\(H_{CA3}\): The strength of relationship between International Human Resource Strategy (IHRS) and Change Agent (CA) role will be moderated by Type of HR Department.
Exhibit 5.24: Model M4(b) IHRS, THRD and CA without Interaction Term

Exhibit 5.25: Model M4(c) IHRS, THRD and CA with Interaction Term

Results for $H_{c3}$ suggests that there is no moderating role of THRD in the relationship between IHRS and CA role (as the value of interaction term $\text{IHRS \times THRD}$ is $-1.13$, which is non-significant). Hence hypothesis $H_{c3}$ was Not Accepted. The fit indices for all the models are given in table 5.19

Table 5.19: Fit Indices for CA

<table>
<thead>
<tr>
<th>Model</th>
<th>GFI</th>
<th>CFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>M 4(a)</td>
<td>.58</td>
<td>.83</td>
</tr>
<tr>
<td>M 4(b)</td>
<td>.56</td>
<td>.74</td>
</tr>
<tr>
<td>M 4(c)</td>
<td>.54</td>
<td>.75</td>
</tr>
</tbody>
</table>
M4 (b) has the best fitting values, thus problem of mis specified relationships does not exists.

The results of SEM indicated that moderation models for each role does not provide a very good fit to the data. The path from the interaction latent variable to the HR Roles latent variable was negative, which was statistically non significant. This implies that THRD does not moderate the relationship between IHRS and HR Roles.

This is a full information method, but it neither requires the introduction of products of observed variables nor the imposition of nonlinear constraints (Schumacker, 2002). Therefore, this method is easy to implement and is also useful when testing more complex structural equation interaction models. Latent variable scores are unbiased and produce the same mean and covariance matrix as the latent variables (Jo“reskog, 2000). However, results obtained from full information methods to estimate interaction effects can be affected by mis-specified relationships in the structural equation model, since they estimate all the parameters simultaneously.

For this reason, the adjustment of a structural model without the latent interaction term is of critical importance and was performed earlier (Bollen & Paxton, 1998). This multiple regression equation includes THRD, IHRS and the product term between THRD and IHRS (IHRSTHRD) as predictors of HR Roles. In the following chapter, thesis will provide a more detailed discussion of these results, together with their implications for organizations.
CHAPTER 6: CONCLUSIONS AND DISCUSSIONS

6.1 Conclusions

6.1.1. Respondent Profile and Response Rate
6.1.2. Response and Non-Response Bias
6.1.3. Measurement Model: Confirmatory Factor Analysis
6.1.4. Scale Unidimensionality
6.1.5. Reliability and Validity
6.1.6. Structural Model
6.1.7. Control Variables
6.1.8. Hypotheses Testing

6.2 Discussion
CHAPTER 6: CONCLUSIONS AND DISCUSSIONS

Chapter Overview
This chapter presents the conclusions of findings based on the analysis undertaken. Further, a discussion of these findings is undertaken in the light of previous researches and theories to examine the results of the present study in greater details.

6.1 Conclusions
The purpose of the present research was to analyze the role of human resource managers during the internationalization process. The study attempts to examine the impact of International Orientation (IO) on HR roles by considering International Human Resource Strategy (IHRS) as a mediator and Type of Human Resource Department (THRD) as a moderator in the relationship. Based on an extensive literature review, a research instrument was developed based on the study constructs to obtain primary data. The data collected was analyzed using SEM capabilities of LISREL. The conclusions from the findings are discussed below.

6.1.1. Respondent Profile and Response Rate
To begin with the data analysis, respondent profile was generated through SPSS 17.0. Descriptive statistics ensure that most of the respondents belonged to relatively senior levels in the organizational hierarchy. Senior HR managers are suited for such studies since they are ‘knowledgeable informants’ regarding internationalization and related HR issues (Chang & Chi, 2007). The responding organizations were top ranking organizations that spanned across a range of industries, thus giving a broader view and allowing for generalization of study findings, as suggested by researchers (Cook & Ferris, 1986; Dyer & Reeves, 1995).

The response rate for the present study was 11.18%, which is quite high considering that primary data collection was through mail methodology. Response rates for mail surveys have generally been as low as 7 percent (Sheehan & Hoy,
For proceeding with SEM using MLE with LISREL 8.50, the suggested sample size is a minimum of 50 and preferably 100-200 (Lindquist et al., 2001). Schreiber et al. (2006) mentioned that, generally agreed-on value is 10 participants for every free parameter estimated. Justifications for this rule of 10 appear in several frequently cited publications (Barclay et al., 1995; Chin, 1998; Chin & Newsted, 1999; Kahai & Cooper, 2003). Since the present study has 7 free parameters and a sample of 90 companies is obtained, Joreskog & Sorbom (1993:26) also suggested the following formula to compute the minimum sample size for estimation of the asymptotic covariance matrices:

\[ k(k-1)/2 \]

where, \( k = \) no. of variables

The no of variables in this research was 7, resulting in a recommended minimum sample size of 21, substantially smaller than our final sample size of 90 cases.

Item completion rate is also considered as one of the measures of survey effectiveness. In the present study, item completion rate was 96.8%.

### 6.1.2. Response and Non-response Bias

The data generated through the research instrument was checked for any possible response and non-response bias.

**Response Bias**

As noted in the literature, self-reports are subject to common method or response bias (Ferguson & Reio, 2010). To address the issue of any possible response bias, Podsakoff and Organ’s (1986) approach of ‘scale reordering’ as a procedural option was adopted. The survey instrument used in this study was structured such that the items related to independent variable preceded the items related to dependent variable.

After final data collection, Harmon’s single-factor test was used to test for possible common method response/bias. When using this statistical procedure, an Exploratory Factor Analysis (EFA) of all the research variables is performed. If a single factor emerges, then it can be assumed that a substantial amount of common method bias is present (Chang & Chi, 2007; Ferguson & Reio, 2010; Podsakoff et al., 2003). When EFA was run on all the factors together, thirteen principal
components were extracted that accounted for 84.57% of the total variance. This signaled that the results did not suffer from any kind of response bias.

**Non-response Bias**

For the assessment of non-response bias, the approach of comparing early and late respondents was employed. To examine possible non-response bias, independent samples T-test was performed. Non-response bias is non-existent if no differences exist on the survey variables between early and late respondents, since non-respondents typically represent late respondents (Lambert & Hanington, 1990). On the basis of first mailing and the follow-up, respondents were divided into two groups. The results revealed that there was no significant difference between the two groups. Thus, it was inferred that the study is free from response and non-response biases.

6.1.3. Measurement Model: Confirmatory Factor Analysis

After initial estimation of the response rate, item completion rate, non-response error and response error, Confirmatory Factor Analysis (CFA) was carried out using Structural Equation Modeling (SEM) capabilities of LISREL to establish unidimensionality, reliability and validity of the study constructs.

6.1.4. Scale Unidimensionality

When CFA was carried out on the study scales, all the scales were found to be unidimensional except THRD scale. Hence, scale refinement for THRD Scale was carried out to obtain better fitting scale. Three items were deleted in three iterative steps on the basis of lowest factor loadings. The purified scale had improved fit indices and was established as unidimensional. All the factor loadings are above 0.30 for all the study scales as advocated by Hill and Petty (1995) and Tinsley and Tinsley (1987). Table 6.1 presents a summary of factor loadings and GFI values for all the study scales.
6.1.5. Reliability and Validity

Once unidimensionality was established, reliability and validity of the refined scales were then assessed.

Scale Reliability: Scale reliability was assessed employing three measures:

- **Cronbach’s coefficient alpha:** Reliability assessment of all the scales exhibited high alpha values (above 0.70) indicating high reliability.
- **Construct Reliability (CR):** The CR values exceeded the minimum recommended value of 0.6 for all scales.
- **Variance Extracted (VE):** The VE values exceeded or were close to the minimum recommended value of 0.05.

Scale Validity: Once reliability was established, the scales were tested for convergent and discriminant validity. **Convergent validity** was assessed using $t$ values, as suggested by Anderson and Gerbing (1988). The $t$ values were found to be more than 2 for all the scales, which is the minimum recommended range. Further inter-item correlations provide a strong test of both convergent and discriminant validity showing that items of a construct correlate strongly but are discriminant from other items of other constructs (Mentzer et al., 1999). The results for inter-item correlations also support convergent and discriminant validities. The GFI values were also significantly high indicating high convergent and discriminant validity.

Fornell and Larcker (1981) also present a method for assessing the **discriminant validity** of two or more factors by comparing the Variance Extracted (VE) of each construct with the shared variance between constructs. If the VE for each construct
is greater than its shared variance with any other construct, discriminant validity is supported. Using this method too, it was found that there is ample evidence of discriminant validity among the study scales. Table 6.2 presents a summary of the evidence of reliability and validity for all the study scales.

6.1.6. Structural Model

The structural model was examined to test the hypothesized conceptual relationships. The structural model included the study constructs viz. International Orientation (IO) as independent variable, International Human Resource Strategy (IHRS) as mediating variable, Type of Human Resource Department (THRD) as moderating variable and HR Roles viz. Strategic Partner (SP), Administrative Expert (AE), Employee Champion (EC), and Change Agent (CA) as dependent variables.

6.1.7. Control Variables

To begin with, the role of control variables was assessed in the hypothesized relationships. For the present study, three dimensions of organizational characteristics were deemed to be control variables viz. sector (manufacturing/service), ownership (public/private sector), and size of the company (number of employees). As suggested by Green et al. (2006) to assess the need to test the effect of control variables in the structural analysis, all these variables were included in a correlation matrix along with the constructs of study. None of the control variables were found to be significantly correlated with the study variables; hence none of them was included in the structural model.

6.1.8. Hypotheses Testing

Three structural models for each role were tested. In the first model, the direct relationships between IO, IHRS and the respective HR role were assessed. In this, the indirect effects were also assessed through products of coefficients method suggested by Mustapha (2010). In the subsequent two models, moderation effect of THRD on the relationship between IHRS and respective HR role was tested with the help of latent variable scores approach.
Based on the path coefficients, the research hypotheses were tested. The conclusions drawn from these structural models are given below:

**Strategic Partner (SP) Role**

All the path values between IO, IHRS and SP role of the structural model were statistically significant and model fit indices were within acceptable range. In the light of the results it can be concluded that:

*Direct Relationship:* Hypothesis $H_{SP1}$ was *Accepted* which implies the presence of direct positive relationships between IO and SP role.

*Role of Mediator:* $H_{SP2}$ was *Not Accepted* suggesting no mediating role of IHRS in the relationship between IO and SP as the direct effect of IO on SP was greater than indirect effect (i.e. effect of IO on SP via IHRS).

*Role of Moderator:* $H_{SP3}$ was also *Not Accepted* as moderating role of THRD on the relationship between IHRS and SP was not established.

**Administrative Expert (AE) Role**

The structural model incorporating the relationship between IO, IHRS and AE role shows a good fit as all the path values were statistically significant.

*Direct Relationship:* Hypothesis $H_{AE1}$ was *Accepted* for AE role, suggesting direct positive relationships between IO and AE role.

*Role of Mediator:* The indirect effect was less than the direct effect. Hence hypothesis $H_{AE2}$ was *Not Accepted* suggesting no mediating role of IHRS in the relationship between IO and AE Role.

*Role of Moderator:* Moderating effect of THRD could not be established for this role, therefore $H_{AE2}$ was *Not Accepted*.

**Employee Champion (EC) Role**

All the path values between IO, IHRS and EC role of the structural model were statistically significant and model fit indices were within acceptable range. In the light of the results it can be concluded that:
**Direct Relationship:** The structural model for EC role shows statistically significant relationships and model fit was also within acceptable range, thus Hypothesis $H_{EC1}$ was *Accepted*.

**Role of Mediator:** $H_{EC2}$ was *Not Accepted*, as, the products of indirect effects was smaller than the direct effect. The result for this hypothesis suggests low mediating role of IHRS in the relationship between IO and EC Role.

**Role of Moderator:** Similar results were obtained for estimation of moderating effects, therefore $H_{EC3}$ was *Not Accepted*.

**Change Agent (CA) Role**

This structural model shows good fit to the data and all the path values were statistically significant, therefore we can conclude that:

**Direct Relationship:** Hypothesis $H_{CA1}$ was *Accepted* for Change Agent role as all the path values are significant and model shows good fit to the data.

**Role of Mediator:** The direct effect of IO on CA Role was significant and greater than the indirect effects, interpreting no mediating role of IHRS on the relationship between IO and CA role. Therefore $H_{CA3}$ was *Not Accepted*.

**Role of Moderator:** $H_{CA3}$ was also *Not Accepted* on the grounds that moderation was not established.

After the final analysis we understand that in the international firm as the process of internationalization began and the orientation of HR managers started to develop, international human resource policies tend to be strategic in nature and HR managers started to play more strategically oriented roles. As far as traditional roles (e.g. Administrative roles) are concerned in the process of internationalization international human resource strategy has very less part devoted to these kind of roles. Secondly international orientation also directly affect the nature of HR roles, the more internationally oriented HR manager plays more strategically oriented roles vis a vis internationalization and finally, type of HR department does not moderate the relationship between international human resource strategy and HR roles.
### Summary of Hypotheses Testing

<table>
<thead>
<tr>
<th>S.NO</th>
<th>HYPOTHESES</th>
<th>RESULT</th>
</tr>
</thead>
<tbody>
<tr>
<td>$H_{SP1}$</td>
<td>International Orientation (IO) has a direct positive relationship with Strategic partner (SP) role.</td>
<td>ACCEPTED</td>
</tr>
<tr>
<td>$H_{SP2}$</td>
<td>International Human Resource Strategy (IHRS) mediates the relationship between International Orientation (IO) and Strategic partner (SP) role.</td>
<td>NOT ACCEPTED</td>
</tr>
<tr>
<td>$H_{SP3}$</td>
<td>The strength of relationship between International Human Resource Strategy (IHRS) and Strategic Partner (SP) role will be moderated by type of HR department.</td>
<td>NOT ACCEPTED</td>
</tr>
<tr>
<td>$H_{AE1}$</td>
<td>International Orientation (IO) has a direct positive relationship with Administrative Expert (AE) role.</td>
<td>ACCEPTED</td>
</tr>
<tr>
<td>$H_{AE2}$</td>
<td>International Human Resource Strategy (IHRS) mediates the relationship between International Orientation (IO) and Administrative Expert (AE) role.</td>
<td>NOT ACCEPTED</td>
</tr>
<tr>
<td>$H_{AE3}$</td>
<td>The strength of relationship between International Human Resource Strategy (IHRS) and Administrative Expert (AE) role will be moderated by type of HR department.</td>
<td>NOT ACCEPTED</td>
</tr>
<tr>
<td>$H_{EC1}$</td>
<td>International Orientation (IO) has a direct positive relationship with Employee Champion (EC) role.</td>
<td>ACCEPTED</td>
</tr>
<tr>
<td>$H_{EC2}$</td>
<td>International Human Resource Strategy (IHRS) mediates the relationship between International Orientation (IO) and Employee Champion (EC) role.</td>
<td>NOT ACCEPTED</td>
</tr>
<tr>
<td>$H_{EC3}$</td>
<td>The strength of relationship between International Human Resource Strategy (IHRS) and Employee Champion (EC) role will be moderated by type of HR department.</td>
<td>NOT ACCEPTED</td>
</tr>
<tr>
<td>$H_{CA1}$</td>
<td>International Orientation (IO) has a direct positive relationship with Change Agent (CA) Role.</td>
<td>ACCEPTED</td>
</tr>
<tr>
<td>$H_{CA2}$</td>
<td>International Human Resource Strategy (IHRS) mediates the relationship between International Orientation (IO) and Change Agent (CA) role.</td>
<td>NOT ACCEPTED</td>
</tr>
<tr>
<td>$H_{CA3}$</td>
<td>The strength of relationship between International Human Resource Strategy (IHRS) and Change Agent (CA) Role will be moderated by type of HR department.</td>
<td>NOT ACCEPTED</td>
</tr>
</tbody>
</table>

### 6.2 Discussion

International Orientation (IO) of a firm affects both, International Human Resource Strategies (IHRS) and HR roles (Antila & Kokonen, 2008). In one of the previous researches by Gomez (1988), international orientation was considered as a major predictor of the extent and type of internationalization carried out, thereby affecting other variables like international human resource strategies. Therefore, international orientation was considered as an independent variable in this research.
Welch and Welch (1997) suggested that for the purpose of gaining international experience, managers are often sent to foreign markets to handle HR activities in the initial stages of internationalization. When HR managers are well-oriented with international markets and dynamics of the international business environment, they are likely to devise better international human resource strategies.

The findings of the present study support this relationship as it is evident that IO has a strong relationship with IHRS.

Ulrich's (1997) framework of the four key HR roles viz. Strategic Partner (SP), Administrative Expert (AE), Employee Champion (EC) and Change Agent (CA) role has been used in the present study. It is assumed that nature of HR roles in the context of internationalization is affected by international orientation of an organization as well as international human resource strategy (e.g. Antila & Kokonen, 2008; Gomez, 1988). Thus, these four roles were taken as the dependent variables for the present study in the context of internationalization.

An initial look at the responses suggested that these four roles are present and being performed by HR managers in the responding organizations. The responses indicate that HR managers play all four roles during the internationalization process. HR managers act as strategic partners when busy in aligning HR strategy with business strategy; they are administrative experts when carrying out routine work related to internationalization; they are employee champions when taking care of employee needs during internationalization and they are change agents when implementing change in the organization during internationalization. This perspective is in line with the general trend that organizations increasingly are expecting more from the HR function. The HR function is expected to be both participating in strategically building the competitive organisation and to be responsible for implementing “the plan” (Lemmergaard, 2009). The HR function is believed to be adding value due to its potential for creating organizational competitiveness (Ulrich, 1997). In this way, HR has become central to business competitiveness and by combining these multiple roles, the HR function is both strategic and operational, as well as process and people-oriented. Thus, HR managers are not only playing traditional administrative roles in Indian organizations but are present at the strategic table too. They are increasingly being involved in the strategic decision-making process during internationalization. This
conclusion is in line with many researchers such as Beatty and Ulrich (2000) and Ulrich and Sheneider (1997).

An important conclusion that can be derived from the findings is that international orientation affects the nature of the role played by HR managers during internationalization. This finding corroborates with previous research evidences. Secondly, when HR managers are well-oriented with international environment and dynamics, they are likely to design better international human resource strategies. This can be attributed to the fact that when the firms plan to internationalize, HR issues become increasingly important, and therefore HR managers are invited to play an important role during internationalization.

The research models hypothesized in the study assumed the mediating role of international human resource strategy in the relationship between international orientation and HR roles (Antila & Kokonen, 2008; Gomez, 1988). The results of the structural models for mediation however, do not strongly support the assumed relationships. It was found that international human resource strategy was not a very strong mediator in the relationship between international orientation and HR roles. In the present study, it was found the direct effects for the relationship between international orientation and HR roles were more strong than the indirect effects indicating that the role of mediator was not significant. It is important to note that the conceptual research model developed for the study was adapted from existing studies primarily carried out in the Western context (e.g. Antila & Kokonen, 2008; Gomez, 1988). Since the present study was carried out in the Indian context, the prevailing dynamics could be different from the Western market conditions. It can be assumed that there may be the existence of other mediating variables in the relationships that need to be explored in future studies.

Type of the HR department (THRD) in terms of whether it is centralized or decentralized, has been taken as an important construct in studying the phenomenon of international human resource strategy and HR roles in several Western studies (Muritiba et al., 2010; Scullion & Starkey, 2000). The type of HR department is directly and indirectly responsible for influencing the roles of HR managers. Therefore the type of human resource department (viz. centralized or decentralized), as a moderator in the relationship between international human resource strategy and HR roles was also examined. It was found that THRD did not
strongly moderate the relationship between IHRS and HR roles. This can be attributed to the fact that many Indian companies undergoing internationalization are in the process of transition of their HR departments and hence, nature of HR department might not have crystallized well enough so as to be able to strongly moderate the relationship between IHRS and HR roles.

Thus, the findings of the present study reveal that international orientation does affect international human resource strategy and nature of HR roles. However, there was a little evidence to support the mediating role of international human resource strategy and the moderating role of type of HR department in the relationship.
CHAPTER 7: IMPLICATIONS AND FUTURE RESEARCH DIRECTIONS

7.1. Academic and Managerial Implications

7.1.1. Implications for Researchers and Academicians

7.1.2. Implications for Practitioners

7.2. Directions for Future Research
Chapter Overview

This chapter deals with a discussion of the implications of the present study. The implications have been categorized under two broad heads viz. implications for researchers and academicians and implications for practitioners. Thereafter, and the possible future directions for research have been suggested.

7.1. Academic and Managerial Implications

The findings of the study have implications for both research and academic community as well as practitioners. The same have been discussed below.

7.1.1. Implications for Researchers and Academicians

- The study intends to build on recent theoretical work aimed at extending the boundaries of how HR roles are defined and researched. The research contributes to HRM literature by empirically testing several hypotheses and by suggesting possibilities for future research to further extend the work.

- Although HR roles have been studied extensively in previous research efforts, the nature of HR roles in the context of internationalization had been an under-researched area. Most studies focusing on Ulrich’s (1997) model of HR roles have been done with a generic perspective in mind. The present study takes up these roles in the specific context of the internationalization process of firms. The inputs would thus be helpful for researchers trying to delve in this domain.

- The present study makes significant theoretical contributions. The constructs used in the present study have been explored by previous researchers but with different perspectives. Most of the previous studies have focused on one or two of these constructs as research phenomena. There is no developed literature incorporating the study of all of these constructs together. Thus, the present study contributes to the existing theory and provides useful insights for both academicians and researchers.
The present study develops and tests a conceptual model based on the relationship between International Orientation (IO), International Human Resource Strategy (IHRS), Type of HR department (THRD) and HR roles (Strategic Partner, Administrative Expert, Employee Champion and Change Agent). The findings are expected to provide interesting insights into the interaction of these variables. Most of the studies on internationalization and HR roles have been conducted in the Western context. Since the present study looks at India, where primarily no such studies have been conducted, the present research will contribute to this gap in the literature. Since India is witnessing fast-paced economic changes, rapid globalization and precipitating shifts in HR roles, the findings of the study will be of value to researchers and academicians.

Most perspectives existing in the area are primarily theoretical or prescriptive in nature. By deploying an empirical research design of collecting primary data through a research instrument and making use of quantitative research methods, the results of this study yield a better understanding of what kind of HR roles are actually exhibited by HR professionals during internationalization.

As part of the present research effort, a research instrument has also been developed and validated to measure the dimensions of international orientation, international human resource strategy, type of HR department and HR roles which can be adopted in further inquiry into the field of HR research.

The present study utilizes the capabilities of Structural Equation Modeling (SEM) technique to test the hypothesized conceptual model. The use of structural equation modeling procedure enabled the researcher to measure various variables simultaneously in a single model. Hence, the complexity of the various relationships could be more accurately determined. This helped in providing deeper insights into the nature of relationships between the study variables. Since SEM is considered superior to traditional regression techniques and generates more reliable results, it can be stated that the study contributes methodologically also.

The study also examined the mediating role of international human resource strategy between international orientation and HR roles. Further,
the type of HR department and its moderating effect between IHRS and HR roles was also examined. The results provide insights into the actual interplay of these multiple relationships. Thus, the findings can be considered as both robust and relevant for both researchers and academicians.

7.1.2. Implications for Practitioners

- This study indicates that HR practitioners in the Indian companies play multiple roles simultaneously rather than focus on a single role (Ulrich, 1997), and the dominant role differs based on the needs of every organization (Conner and Ulrich, 1996). The results are relevant for practitioners trying to gain insights into this globally under-researched area and more specifically in the context of India.

- This research also shows that in Indian companies the focus of HR managers has shifted from just playing with the traditional, routine administrative roles (non-strategic in nature) to roles that are increasingly getting strategic in nature. This has significance for practitioners as it brings forth an extremely important development taking place on the Indian corporate terrain.

- The research suggests that HR managers are playing an ever more significant role in the internationalization process and are required to be on the strategic table playing strategic roles more dominantly than any other role. This implies that HR professionals need to acquire knowledge of the firm’s business, such as the key business disciplines, an understanding of the internal and external customers, the competitors, the products, the technology and sources of competitive advantage so that they become more capable of handling strategic issues in the organization.

- Since a majority of the studies in the area have been conducted in developed countries, the present research contributes by drawing its sample from India, where there is evidence of a fast-paced economic change and precipitating shifts in HRM. The findings of the research are expected to throw light on the HR scenario in the context of internationalization in India, as opposed to studies on practices in traditional HR areas that have been the focus of research in India till now.
7.2. Directions for Future Research

Based on the study, the following directions for future research may be pointed out:

- This study is carried out on Indian companies and hence it is relevant in understanding Indian dynamics. Similar studies can be carried out in the context of different countries. Cross-cultural comparisons among different countries will help in understanding the HR roles existing in different work environments. The survey methodology deployed in the study yielded a response rate of 11.68%. Although the response rate is relatively high as compared to similar previous researches, a more direct assessment of the potential bias utilizing data from additional data collection methods and an intensive follow-up on non-respondents would help strengthen the study. Future researches on bigger and more diverse samples may help generate more generalizeable results.

- Further research in this area might also include non-HR managers. Information from CEOs of a company, for example, could be obtained based upon their perceptions of the specific HR roles of their HR manager. This information would be vital, especially when taking into account the gap in the perceptions of both HR managers and their CEOs. This type of research would help HR professionals to look more perceptively into the possible expectations from their CEOs concerning their role as HR practitioners. The current study uses mail survey method. The methods for data collection can further be broadened. Researchers such as Podsakoff and Organ (1986) have suggested the use of multiple methods (such as experiments, personal interviews and case studies) to supplement mail survey data.

- The study is based on single cross-sectional design i.e. both the independent and dependent variables were measured on one occasion only. In order to establish a better linkage between international orientation, international human resource strategy and HR roles, a longitudinal study design may be adopted as it will more accurately
capture and further confirm the relationship between IO, IHRS and HR roles.

- The present study was intended at developing a reliable and valid instrument for measuring internationalization and dimensions of HR roles. However, the instrument has been tested in the Indian context only. Kelloway (1998) cautions that such scale modifications, which are empirically generated, must be cross-validated on other samples. The modified instrument calls for more studies in different settings, cultures and countries to further test its unidimensionality, reliability and validity.

This study confirms that all HR roles are important and continuously performed during internationalization of the firm.

This has opened up a promising line of inquiry. The methodological limitations in most existing studies warrant the need for more extensive research frameworks and more rigorous methodologies. Future progress depends on using stronger research methods and designs that, in turn, will require large-scale and long-term researches. The desired magnitude and robustness can probably be achieved through partnerships between researchers, practitioners and government sponsoring agencies. Existing research progress so far justifies investment in such a big endeavor. Considering the gigantic changes sweeping the HR landscape, conducting such researches would be both well-timed as well as pertinent.


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Goedegebuure, R.V. (2006), *Kan het CBS offshoring meten (China rapport)?*, research paper Statistics Netherlands. {in Dutch only}


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Dear Respondent,

Please be assured that your responses will be kept confidential and will be used for academic purposes only.

The following statements are designed to study the role of HR departments in organizations. You are requested to kindly provide your responses. Please place a tick (✓) in the applicable box depending on the extent of your agreement and disagreement with the statement.

The following statements are designed to study the firm’s internationalization process and the role of HR managers. Please circle with the appropriate box depending on the extent of your agreement or disagreement with the statement.

The following statements aim at evaluating the degree of centralization-decentralization of HR department and its main functions. Please circle with the appropriate box depending on the extent of your agreement or disagreement with the statement.

<table>
<thead>
<tr>
<th>Statements</th>
<th>5</th>
<th>4</th>
<th>3</th>
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</tr>
</thead>
<tbody>
<tr>
<td>1. Managers engaged in international operations enjoy high status in the firm.</td>
<td>N</td>
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<tr>
<td>2. There are high levels of competencies among employees who are involved in international activities.</td>
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<td>3. The company provides incentives for managers who engage in international activities.</td>
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<td>4. International experience is a definite plus when middle and top managers are hired.</td>
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<tr>
<td>5. International experience is a definite plus when middle and top managers are promoted.</td>
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<tr>
<td>6. The company supports training and development programs in international business.</td>
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<tr>
<td>7. International activities are considered as part of management’s performance review.</td>
<td>O</td>
<td>P</td>
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<td>2. Industrial relations</td>
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<td>3. Maintenance of performance records</td>
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<td>4. Performance appraisal</td>
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<td>5. Career development</td>
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<td>6. Training</td>
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<td>7. Recruitment and selection</td>
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<td>8. Compensation planning</td>
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<td>9. Information systems and contracts</td>
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<td>10. Control over mobility of high-level management</td>
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<td>11. Structure of the HR department</td>
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<td>2. Decentralized</td>
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<th>I. Sector of Service (S)/Manufacturing (M)</th>
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<td>4. Experience in the present position (Yrs)</td>
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<td>6. Name of the Organization</td>
<td>7. Total No. of employees in foreign market:</td>
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| 11. Greater internationalization is viewed by management as critical to company’s future | 12. Management success in international operations as an opportunity | 13. Management success in international operations as a threat |
| 14. International objectives are an essential component of the company’s future plans | 15. Managers are willing to take risks in international markets | 16. Managers spend considerable time on planning international activities |
| 17. Managers focus on improving operating efficiency of internationalization process | 18. Managers are involved in routine work during internationalization process | 19. Managers make sure that all strategic efforts are aligned with internationalization strategy |
| 20. Managers participate in the process of defining internationalization strategies | 21. Managers spend considerable time on administrative issues | 22. Managers help the organization take care of HR issues during internationalization |
| 23. Managers make sure the internationalization initiatives are consistent with the organizational mission | 24. Managers effectively measure the ability to meet international needs | 25. Managers effectively measure the ability to meet domestic needs |
| 26. Managers spend considerable time on employee needs vis-a-vis internationalization | 27. Managers make sure the internationalization initiatives are consistent with the organizational mission | 28. Managers effectively measure the ability to meet international needs |
| 29. Managers make sure the internationalization initiatives are consistent with the organizational mission | 30. Managers effectively measure the ability to meet domestic needs | 31. Managers spend considerable time on administrative issues |

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