

# Human Resources Management In Context

**Lecture Title :-  
HRM In Different Organisational Contexts**

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**Masters in  
Human Resources Management**

# Learning Objectives

- **Compare and contrast** HRM practices across different organisational contexts
- **Evaluate** the challenges and opportunities of managing human resources in various types of organisations
- **Understand** how organisational **size, structure, and sector** influence HRM strategy and implementation



# Group discussion

**"What does the term organisational context mean to you, and what factors do you think shape it?"**



# Factors That Shape Organisational Context

## Internal Factors

Size of organisation

Organisational structure

Organisational culture

Technology & Innovation level

Leadership & management style

Lifecycle stage

## External Factors

Industry / Sector

Legal and regulatory environment

Economic conditions

Globalisation & market reach

Cultural context

Technological environment



# Size & Internationalisation of the Organisation

## SME's VS MNC's

SME Characteristic	Description
Size	Small to medium (usually fewer than 250 employees)
Geographic Scope	Operates locally or nationally
Organisational Structure	Flat and informal structures
HRM Approach	Flexible, informal, often handled by generalists or owner-manager
HR Resources	Limited; may lack dedicated HR professionals
Recruitment Methods	Reliant on personal networks or local advertising
Training & Development	Primarily on-the-job and informal
Decision-Making	Fast and centralised, often by founders or owners
Compliance	Subject to local laws only
Innovation Capacity	High agility and adaptability
Cultural Diversity	Generally low, with local hiring
Strategic Focus	Short- to medium-term growth, profitability, and survival



# Size & Internationalisation of the Organisation

## SME's VS MNC's

MNC - Characteristic	Description
Size	Large-scale (often thousands of employees worldwide)
Geographic Scope	Operates in multiple countries
Organisational Structure	Complex, formalised, often hierarchical
HRM Approach	Standardised and formal HR policies across units
HR Resources	Dedicated HR teams with specialised functions (e.g., talent, compliance, expatriates)
Recruitment Methods	Structured, global sourcing and talent acquisition systems
Training & Development	Formal programmes, leadership development, global mobility initiatives
Decision-Making	Multi-layered; may involve both headquarters and regional leadership
Compliance	Must comply with diverse international laws and regulations
Innovation Capacity	Strong R&D investment but slower to implement due to scale
Cultural Diversity	High — requires cross-cultural competence and global HR practices
Strategic Focus	Long-term, global expansion, market share, and brand sustainability



# Strategic HRM, Informal HRM & International HRM

"**Strategic HRM** is an approach to managing human resources that supports long-term business goals and outcomes with a strategic framework. It focuses on aligning HR policies and practices with the strategic objectives of the organisation."(Wright and McMahan, 1992)

"**Informal HRM** refers to HR practices that are unstructured, undocumented, and implemented without formal policies, often driven by the intuition and discretion of managers or business owners."(Marlow, Taylor and Thompson, 2010)

"**IHRM** is the process of procuring, allocating, and effectively utilizing human resources in a multinational corporation while balancing integration and differentiation across various cultural and institutional contexts."(Briscoe, Schuler and Tarique, 2012)



# International HRM (IHRM)

- The function of HRM involves :-
  - Recruitment and selection of global talent
  - Expatriate management
  - Cross-cultural training
  - International compensation
  - Global performance management



# Key Elements of IHRM

## Contextual Factors

These shape HRM policies in global settings:

- **Cultural environment** (e.g., Hofstede's dimensions)
- **Legal and regulatory systems**
- **Economic conditions**
- **Political systems**

## HR Activities in IHRM

Similar to domestic HRM, but adapted for international complexity:

- Human resource planning
- Recruitment and selection
- Training and development
- Compensation and benefits
- Performance management



# Recruiting Approaches in IHRM (Perlmutter's Model, 1969)

Approach	Description	Characteristics
<b>Ethnocentric</b>	Key roles filled by home-country nationals	Strong control by HQ, little local autonomy
<b>Polycentric</b>	Host-country nationals manage subsidiaries	Local responsiveness, limited integration
<b>Regiocentric</b>	Staff sourced from a specific region	Regional coordination and control
<b>Geocentric</b>	Best talent chosen regardless of nationality	Global mindset, integrated strategy

# Key Challenges in IHRM

- Managing expatriate assignments (cost, culture shock, repatriation)
- Aligning global HR policies with local laws and customs
- Balancing global integration vs. local responsiveness
- Addressing ethical dilemmas across cultural and legal systems
- Ensuring equity in pay and career development globally



# Group discussion

Which of the below HRM concepts fits best with SME's and MNC's? Discuss why.

- Strategic HRM
- Informal HRM
- International HRM



# Group Exercise

**Refer to worksheet provided. Discuss and compare HRM in SME's and MNC's.**



30 mins group discussion

10 mins presentation



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# Group discussion

**What motivates an individual to work within a government entity or in a private organisation?**

**What is viewed as more appealing in your respective countries? Why?**



# HRM in Public VS Private Sector

HRM Dimension	Public Sector	Private Sector
<b>Purpose &amp; Mission</b>	Service to public interest, equity, accountability	Profit generation, market leadership, competitiveness
<b>Motivation Drivers</b>	Public Service Motivation (Perry & Wise, 1990): altruism, civic duty	Intrinsic/extrinsic: bonuses, career advancement, innovation
<b>Recruitment</b>	Standardized processes, exams, transparency, anti-nepotism	Agile hiring, employer branding, talent poaching
<b>Performance Management</b>	Procedural, tenure-based evaluations, limited differentiation	Performance-based appraisals, KPIs, reward-linked outcomes
<b>HR Focus</b>	Transactional HR (compliance, stability, service rules)	Strategic HR (talent development, culture shaping, innovation)
<b>Innovation in HR</b>	Gradual and limited by policy	Rapid adoption of HR tech, agile HR practices
<b>Union Involvement</b>	High, often with collective bargaining powers	Varies; typically lower, except in unionized industries



# HRM in Public VS Private Sector

HRM Dimension	Public Sector	Private Sector
<b>Flexibility</b>	Rigid structures, fixed roles, strong regulation	Agile teams, flexible job design, lean structures
<b>Accountability</b>	Political oversight, high public scrutiny, rules-driven	Shareholder and market accountability, internally regulated
<b>Change Management</b>	Bureaucratic, slow adaptation, resistance due to regulation and unions	Rapid change, driven by market and competition pressures
<b>Employer Branding</b>	Modest branding, stability-focused Employee Value Proposition	Strong branding, differentiated Employee Value Proposition for attraction and retention
<b>Union Involvement</b>	High, often with collective bargaining powers	Varies; typically lower, except in unionized industries
<b>Impact of New Public Management (NPM) (Hood, 1991)</b>	Gradual adoption of private-sector tools; tension with public values	Not applicable (private sector is the NPM model's inspiration)



# Bridging Private and Public Sectors

## New Public Management (NPM)

The term “New Public Management” NPM was introduced in 1991 by Christopher Hood.

NPM advocates emphasize the use of private-sector practices - the corporate or business world - that may be successfully utilized in the public sector and public administration contexts. NPM techniques have been used to change the public sector, including its policies and programs.

NPM supporters argue that it is a more efficient and effective way of achieving the same result.



# Group exercise – Comparing HRM in Public vs Private Sectors

## 1. Preparation (10 minutes):

- Review each HRM theme in the table provided.
- Discuss how these areas are typically handled in **public vs private** organizations.
- Use **real-life examples** (or create realistic scenarios).

## 2. Discussion (15 minutes):

- Explore **challenges** and **opportunities** for each sector.
- Note your group's key insights in the space provided.

## 3. Presentation (5 minutes):

- Prepare a **2-minute informal presentation** of your comparisons and conclusions.



# Summary of key insights

- While HR functions (e.g., recruitment, training, compensation) are universal, their execution and strategic emphasis differ across contexts.
- HRM must be context-sensitive; one-size-fits-all models are insufficient.
- Strategic HRM requires alignment—not just with business strategy, but also with structure, culture, and environment.
- Effective change management depends on HR's credibility, adaptability, and integration into leadership processes.





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