

The Impact of Host Country Effects on Transferring HRM Practices from Western Headquarters to Ukrainian Subsidiaries

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Abstract : The emerging markets of post-USSR countries have attracted Western multinational companies; however, weak institutions and unstable host country environments have hindered the implementation of successful management practices. The Ukrainian market, in light of recent events, is particularly interesting to study for its compatibility with Western businesses. This paper focuses on factors that can facilitate or inhibit the transfer of human resource management practices from Western headquarters to Ukrainian subsidiaries. To explain the national context's effects better, a business systems approach has been applied to a qualitative study of 16 wholly owned Western subsidiaries, dissecting the reasons for a weak integration of Western practices in Ukraine. Results show that underdeveloped institutions have forced companies to develop additional practices that compensate for national weaknesses, as well as to adjust to a constantly changing environment. Flexibility and local responsiveness were observed as vital for success in Ukraine.

Keywords : human resource management, Ukraine, business system, multinational companies, HR practices

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