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Strategic integration of HRM practices: perspectives of two major Japanese electrical and electronics companies in Malaysia

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Abstract

Purpose - This study examines the strategic integration of HRM practices with business/corporate strategy in the context of its applications and processes in two Japanese multinational companies in Malaysia.

Design/methodology/approach – The research used mixed-methodology via case studies and questionnaire surveys. Overall 29 questionnaires, 15 from Company A and 14 from Company B were returned and analyzed for a response rate of 58 percent. In addition, 15 respondents were interviewed, including Executive Director, Head of HR, and line managers.

Findings – Analysis of questionnaire responses and interview findings shows strategic integration of HRM practices has been adopted by both organizations, though their approaches vary slightly. Importantly, the involvement of HR at board level, direct reporting of HR to the CEOs, and the organization's supportive culture symbolize the integrative approach to HRM. Additionally, the findings indicate that although company strategies are in place, other factors such as business credibility of the HR manager and the level of commitment and support from CEOs and line management commitment are important determinants of strategic integration of HRM practices.

Practical implications - The influence of Japanese management practices which has similar characteristics of high performance work system (HPWS) and resource-based view (RBV) approach that emphasizes participatory decision making and construe employees and HR function not as cost burdens but as sources of competitive advantage are important predictors of higher and effective strategic integration.

Originality/value – The paper provides some insights into approaches to strategic integration of HRM practices in two Japanese multinational companies in Malaysia.

Keywords Strategic integration, HR managers, Line managers

Paper type Case study
