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# Introduction

Tamer K Darwish and Pengiran Muda Abdul Fattaah

## Overview

This book focuses on human resource management (HRM) in the country context of Brunei Darussalam; analyses, compares, and contrasts domestic enterprises (DEs) and multinational enterprises (MNEs), and oil and gas and non-oil and -gas sectors; and draws out the comparative lessons for understanding the potential and performance consequences of HR interventions in resource-centred national economies. In this book, we present a number of empirical works that have been carried out in the context of Brunei, where the oil and gas industry is recognised as being responsible for a large majority of the country's national income (Mohamed et al., 2013; Darwish et al., 2017; Singh et al., 2019). Nonetheless, one of the main goals underpinning Brunei's economic activities is that of diversification, with the country recognising that gas and oil are finite and that there is a need to overcome the resource curse (Auty, 1993; Singh et al., 2019). Work carried out more recently, drawing a contrast between Asian capitalisms, has established a number of important defining aspects inherent in economies in Asia; this helps to present approaches to establishing the way in which Brunei may be seen to be aligned with, and depart from, other business systems and frameworks in Asia (Witt & Redding, 2013, 2014; Fainshmidt et al., 2018; Singh et al., 2019).

In addition, there is the question of whether or not context, and the degree to which an organisation is embedded within it, has the potential to dominate formal business roles and structures so as to establish the degree to which an organisation implements strategic people management (Singh et al., 2019). A wide range of studies present the view that MNEs in particular face greater expectations to act as 'norm entrepreneurs', establishing and developing new practices that test and confront different ways of doing things (see Björkman & Lervik, 2007; Dore, 2008; Singh et al., 2019). This could potentially involve a greater number of innovative and strategic methods in regard to HRM (Brewster et al., 2008; Singh et al., 2019).

Empirical HRM studies, some of which have been conducted in the context of MNEs, have largely concentrated on comparing HRM practices in subsidiaries of MNEs in the context of developed nations (see, e.g., Guest & Hoque, 1996; Boxall et al., 2007). Research conducted on MNEs is often aimed at understanding how MNEs utilise expatriates in subsidiaries as well as the selection, training, and management of such employees (Dowling & Welch, 2004; Haak-Saheem & Brewster, 2017); these processes are often susceptible to the cultural traits of host nations (Gooderham & Brewster, 2003) and to the presence of societal context inherent in the host countries' social and economic institutions (Morishima, 1995), which can also notably affect the practices and processes adopted by companies. This book attempts to fill a gap in the existing literature by conducting and presenting empirical works along similar lines in a non-Western setting and in the context of an emerging South Asian economy where institutional arrangements are fluid and developing. Fluidity or institutional weakness at the national level would be counterbalanced through institutional solutions being implemented in such a way as to support and encourage particular practices at the organisational level, focused on overcoming common issues across specific industries or arenas (Singh et al., 2019). The present book presents several implications for theory and practice, both within the context in which the research was conducted more broadly.

## Statement of Significance

It is important to highlight that most comparative work in international human resource management (IHRM) has been conducted in Western developed nations. For the growth and development of IHRM, it is essential to examine the relevance of HRM, which can assist in assessing the degree to which HRM has gained strategic importance in different parts of the world. Identifying the main factors and variables determining HRM in different settings will help in analysing the applicability of HRM approaches in

different regions, as well as highlighting the context-specific nature of HRM practices (Guthrie & Olian, 1991; Jackson & Schuler, 1995; Budhwar & Debrah, 2001; Darwish et al., 2017; Singh et al., 2019).

The existing literature (Budhwar, 2004; Singh et al., 2019) highlights a trend towards focusing on the Asian context; however, most studies have focused on China or Japan, and research conducted in other contexts is scarce. As the region gains economic prosperity, it is increasingly important to conduct research that will be able to highlight the relevant HRM system(s) for other Asian contexts. Furthermore, although some emerging Asian economies are still quite far from achieving developed nation status, it is nevertheless essential to understand the HRM systems prevalent in these economies as they can contribute greatly to the economic development there (Tayeb, 1995; Debrah et al., 2000).

Hence, the present book explores various aspects of IHRM in the context of an emerging and as yet oil- and gas-rich state. Its significance arises from the fact that it deals with HR practices in the context of both DEs and MNEs operating in the country to elicit insights into the functioning of HR practices to draw lessons for both theory and practice, as well as for DEs and MNEs that might have a great deal to learn from each other. Further, it is worth noting that, within commodity-centred economies, there are likely to be significant differences in HRM practice between the mineral and non-mineral sectors; hence, it could be argued that the human dimension of competitiveness is likely to be accorded particular importance when it comes to the challenges facing the non-primary commodity-based sectors (Darwish et al., 2017). Therefore, the present book also looks at sectors when investigating HRM aspects, differentiating between oil and gas, and non-oil and non-gas.

## **Structure of the Book**

After this introduction, the book is structured as follows:

Chapter 2 presents a profile of the country of Brunei Darussalam. It first presents an overview of Brunei's geographic and demographic structure, followed by an overview of the historical and legal background of the country. The chapter then explores the economic system presently prevailing in the country, as well as the rationale for selecting Brunei as a case study. Finally, it discusses the importance of HRM and its study in the country of Brunei.

Chapter 3 focuses on comparative HRM. It explores the differences between nations in the way that they manage their human resources. Within a context of increasing globalisation, the chapter highlights how context matters to HRM. Fundamental to understanding these differences between countries are two concepts: the notions of cultural and institutional differences, and the notions of convergence and divergence. The chapter contributes to a better understanding of the main concepts and theories relevant to comparative HRM. First, it shows that cultural and institutional explanations are valuable to the comparative HRM approach. Further, it argues that convergence of trends is apparent, but complete convergence remains unrealistic. Finally, it outlines some of the key theoretical, empirical, and practical challenges posed by a comparative approach to HRM.

Chapter 4 provides insights into the concepts and theories behind HRM and IHRM, as well as exploring the various concepts that may affect the ways HRM is utilised by MNEs and other forms of internationally operating firms. Additionally, it reviews and critically discusses the theoretical and empirical work that has been carried out to explain the differences between IHRM in domestic organisations and in MNEs, highlighting the importance of understanding these differences when looking at the relationship between HRM and performance. Given the increasing role of contextual factors in the field of HRM, the chapter addresses the relevance of the current international business environment within the development and execution of HRM practices and policies.

Chapter 5 presents research results on the rate and effect of various specific bundles of HR practices on organisational performance in Brunei. The literature available on the subject of comparative capitalism suggests that, across more developed societies, it is common for a mutually supportive nature to be identified in relation to informal and formal regulations, which are maintained through linked and well-considered HR systems, centred on enhancing organisational performance. On the other hand, in

situations where there is a lack of robustness in institutional arrangements, comparable incentives for distributing mutually supporting HR bundles will be lacking. Whilst these bundles are adequate, they are not well positioned to achieve any improved results. This has essentially been the case in the instance of the petro-state of Brunei, with the adoption of comprehensive HR frameworks found to work no better than individual approaches.

Chapter 6 explores HR practices in resource-cursed economies, with a particular focus on the context of Brunei. The literature available on the resource curse implies that organisations in non-oil and -gas sectors across petro-states experience a number of key obstacles to achieving competitiveness and becoming self-sustaining. This chapter investigates the link between particular HR policies and practices and business performance; emphasis is placed on examining and drawing contrasts between oil and gas and non-oil and -gas sectors, whilst further seeking to highlight the comparative lessons aimed at garnering insight into the possible and performance-related results associated with HR interventions in resource-focused national economies.

Chapter 7 explores the comparative effect of context on the senior management role. A comparison is presented between HR directors of DEs and those working in MNEs in the case of a developing market setting, in the country context of Brunei. This chapter presents support for the perceived value of MNEs in establishing more innovative and combined methods for managing people, although there have remained a number of limitations in terms of the degree to which they might position themselves as evangelists in the case of new methods implemented by their local peers. On the other hand, local organisations are seen to be far more inclined to emphasise administrative considerations as opposed to strategic ones. The implications for theory and practice are drawn out in the chapter.

Chapter 8 explores the behavioural differences identifiable when considering the recruitment, training and retention methods, and approaches applied by DEs in comparison with MNEs in the context of Brunei. Following the literature survey, various propositions are devised and empirically tested, and it is concluded that MNEs apply greater rigour when progressing through the recruitment and training processes, whilst also ensuring meticulous approaches when completing promotion. This chapter provides further understanding of and insight into HR practices specific to two different organisational types, whilst also providing valuable recommendations and implications for future work.

Chapter 9 focuses on performance appraisals, incentives and rewards practices. Only a small volume of previous study has been directed towards comparative analysis of HRM practices across MNEs and DEs. The majority of such examination in this field has, rather, drawn contrasts between the HRM practices implemented by MNEs' subsidiaries, with most of it completed in relation to industrialised countries. Hence, this chapter presents an analysis from the context of Brunei, on the way in which HR practices, namely appraisals, incentives, and rewards, are delivered, explained, and monitored in the case of DEs in comparison with MNEs, as well as the similarities and differences between the two.

Finally, Chapter 10 explores the challenges and opportunities in Brunei and the wider region. There has been a growing body of work on HRM in a wide cross section of emerging markets. There was initially a strong focus on cross-cultural approaches that sought to explain both the dominance of specific types of practice in emerging markets and how local cultures conferred both challenges and opportunities. More recently, the focus has shifted to comparative institutional approaches, in both helping to explain the process of systemic development and change and enabling closer links to be drawn between HR practice and the wider political economy. This chapter locates the practice of HRM in Brunei within the wider political context and draws out the implications for understanding continuity in change in HR practice, and similarities with and differences from other emerging markets.

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