Editorial: International HRM Theory in Transition: Navigating Contextual Realities in Emerging Markets

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Introduction

This special issue tackles a central challenge in international human resource management (IHRM): ensuring that theoretical frameworks are equipped to explain HRM practices within the dynamic, institutionally complex contexts of emerging markets. Traditional IHRM theory has been shaped predominantly by research in advanced economies. Yet, emerging markets, with their underdeveloped and fragmented institutions, dense informal networks, and evolving regulatory contexts, demand more contextually informed models (see Melhem et al., 2024; Haak-Saheem & Darwish, 2021; Darwish et al., 2016).

At the same time, inter- and intra-regional variation across Latin America, South Asia, and the Middle East is shaped by divergent cultural norms, informal systems, and forms of governance (Wajeeh-ul-Husnain et al., 2020; Darwish et al., 2023). Our original call emphasized that context should not simply serve as a backdrop. Instead, it must become a central analytical lens in IHRM research (see, for example, Whetten, 2009; Farndale et al., 2023).

This special issue contributes to that agenda by bringing together a collection of empirical studies that examine how contextual realities in emerging markets—such as informal networks, institutional heterogeneity, leadership behaviors, governance structures, and talent management practices—interact to shape HRM processes and outcomes. Collectively, these papers offer rich, evidence-based insights that challenge universalist assumptions and highlight the need for theories that are more sensitive to institutional diversity and complexity.

Scope and Rationale

Emerging markets frequently exhibit distinctive institutional characteristics: institutional fluidity, weak or uneven rule of law, informal relational systems, and fragmented or underdeveloped regulatory environments (e.g., Webster & Wood, 2005; Fainshmidt et al., 2018). These conditions complicate the direct application of established HRM theories that

were largely developed in the context of coordinated or liberal market economies where institutions are more stable, coherent, and predictable (Whitley, 1999; Hall & Soskice, 2001).

One key feature of emerging markets is the pervasive influence of informality in shaping organizational life. Informal networks—such as *wasta* in the Middle East and *compadrazgo* in Latin America—often serve as mechanisms for navigating uncertainty, building trust, and facilitating adaptation. However, these same networks can act as sources of favoritism, exclusion, inequity, and latent conflict, generating ambivalent outcomes for HRM systems and practices (Melhem et al., 2024).

While comparative capitalism frameworks have made progress in classifying institutional configurations across different regions, their analytical categories are often too broad to fully capture the diversity and complexity within emerging markets (e.g., Lane & Wood, 2009; Fainshmidt et al., 2018). Intra-regional and intra-country variations in institutional quality, cultural norms, governance practices, and informal structures remain under-theorized.

Moreover, the ways in which organizations and actors navigate institutional complexity—and how this shapes HRM outcomes—remain insufficiently understood. The interplay of formal institutional arrangements with informal practices creates unique challenges for multinational corporations, domestic firms, expatriates, and corporate governance actors operating in these contexts.

This special issue responds directly to these gaps by bringing together empirical papers that deepen our understanding of how context shapes HRM practice and theory in emerging economies. The papers collectively illustrate the need for IHRM scholarship to move beyond universalist assumptions and to develop theoretical frameworks that account for institutional heterogeneity, informality, and contextual embeddedness in diverse settings.

Summary of Contributions

1- *Horak, S., Jiang, C., & Festing, M. (2025). Informal, Formal, or Hybrid: How Expatriates in European MNC Subsidiaries in South Korea Manage Hierarchy to Enhance Organizational Agility*

This contribution extends the discussion of contextualized HRM by exploring expatriate management in South Korean subsidiaries of European MNCs. It shows how expatriate

managers adopt informal, formal, or hybrid approaches to hierarchy management as a means of enhancing organizational agility, offering a nuanced understanding of expatriate adaptation in East Asian institutional contexts.

2- *Ben Yedder, M., Alsarhan, F., Jentjens, S., & Espinosa, L. (2025). The Dual Nature of Informal Networks for HRM Practices in Latin America: The Role of Compadrazgo at MNCs in Mexico*

This paper conceptualizes *compadrazgo*, a culturally embedded form of informal networking, as a dual-edged institution affecting HRM practices in Mexican subsidiaries of multinational corporations. The authors show how *compadrazgo* can simultaneously promote coordination and trust, while also reinforcing nepotism and favoritism. The paper contributes to comparative HRM by integrating informality into the analysis of multinational operations in Latin America.

3- *Melhem, M. J. (2025). Beneath the Surface of Social Interactions: How Informal Networking Fuels Undercurrent Conflict in Middle Eastern MNCs*

Focusing on *wasta* in the Middle East, this paper explores the hidden, conflict-generating consequences of informal networking in multinational corporations. It contributes to the literature on the ambivalence of informal networks by showing how they both facilitate organizational functioning and generate latent tensions, challenging assumptions about social capital's uniformly positive role.

4- *Alhaider, M., Ali, S. A., & Abushaikha, I. (2025). Navigating Talent Scarcity: Talent Attraction and Selection Practices among Domestic Firms and Multinational Corporations in Saudi Arabia*

This paper explores how domestic firms and MNCs in Saudi Arabia adapt talent attraction and selection practices in the context of localization policies and labor market transformation. Using a dynamic capabilities lens, it shows how firms exercise strategic dexterity in navigating institutional pressures, offering new insights into workforce localization in Gulf economies.

5- *Khassawneh, O., Mohammad, T., AL Tweijer, A., & Bani-Melhem, A. J. (2025). Institutional Complexity in Cross-Border HRM Practices: A Comparative Analysis in India*

This article examines how domestic and multinational firms in India navigate institutional complexity when managing cross-border HRM practices. It reveals that domestic firms may exploit local institutional logics more effectively than MNCs, challenging assumptions about the straightforward transfer of HRM practices from developed to emerging economies.

6- *Iqbal, Q., & Piwowar-Sulej, K. (2025). Transformational Leadership, Wasta and Workforce Localisation in Saudi Arabia: A Sequential Mediation Model*

This paper integrates social exchange theory and social capital theory to propose and test a sequential mediation model linking transformational leadership, *wasta*, and workforce localization. Through longitudinal analysis, it illustrates how leadership behaviors interact with informal networks to shape policy implementation, advancing understanding of managerial agency in Middle Eastern HRM.

7- *Uyar, A., Nimer, K., Nizar, H., Abdelqader, M., & Karaman, A. (2025). Board Dynamics and Employee Well-being: The Role of Institutional Quality in a Cross-Country Analysis of Emerging Markets*

This final contribution investigates how board composition and dynamics impact employee well-being across emerging markets, with national institutional quality moderating this relationship. It bridges corporate governance and HRM scholarship by showing how board-level decision-making on people issues varies with institutional environments, highlighting the interconnectedness of governance and HRM outcomes.

Synthesis

Collectively, the articles published in this special issue make significant advances to international HRM scholarship by confronting head-on the theoretical and empirical challenges of contextual complexity in emerging markets.

First, they illuminate the *ambivalence of informal networks,* demonstrating that informality is neither uniformly beneficial nor purely obstructive. Rather, informal structures such as *wasta* and *compadrazgo* simultaneously enable coordination and trust while fostering exclusion, conflict, and favoritism, depending on context and actor interpretation.

Second, these contributions *foreground institutional complexity as a critical condition shaping HRM practice and outcomes.* Collectively, the papers show how varying levels of institutional

quality, diversity, and competing institutional logics condition both the transferability and efficacy of HRM practices across emerging markets.

Third, the issue broadens the *comparative lens of IHRM*. By encompassing studies from Latin America, the Middle East, South Asia, East Asia, and multi-country comparisons, this collection moves beyond regional stereotypes and typologies. It highlights intra-regional heterogeneity and the importance of granular, context-sensitive analysis.

Finally, these articles extend debates on *expatriation and corporate governance*, providing fresh insights into how expatriate managers in contexts such as South Korea reconcile formal and informal hierarchies to enhance agility, and how board structures interact with national institutional quality to shape employee outcomes. These findings highlight the centrality of leadership and governance as lenses for understanding HRM in complex institutional environments.

Future Research Directions

The papers in this special issue point to several promising directions for advancing research in international and comparative HRM within emerging markets. One important avenue is to further explore the dynamic interplay between formal structures and informal networks in shaping managerial behaviors, employee relations, and HRM outcomes. Future work could examine how this interplay unfolds across different organizational levels, sectors, and ownership structures, and how it conditions HRM practices such as recruitment, performance management, and career development in complex institutional contexts.

Another key direction is the development of more sophisticated comparative frameworks that move beyond overly simplistic national typologies. Scholars should seek to capture not only variation between countries but also institutional diversity within countries, acknowledging that emerging markets often contain multiple institutional logics, regional differences, and varying degrees of formality and informality. Comparative studies should pay attention to how firms—both domestic and multinational—navigate this diversity, reconcile conflicting institutional demands, and manage the simultaneous pressures of global integration and local adaptation.

Future research could also consider how negative emotions and their regulation shape HRM routines. Recent work (Melhem et al., 2025) highlights how emotion regulation contributes to

covert, individualized adaptations to performance appraisal routines, especially in informal and institutionally weak environments. This line of inquiry suggests the importance of integrating emotional dynamics into future analyses of HRM routines in emerging market contexts.

In addition, the role of emerging technologies in shaping HRM practice in emerging markets warrants further investigation. As organizations increasingly adopt digital tools such as AI-driven recruitment platforms and algorithmic management systems, researchers should examine how these technologies interact with local institutional arrangements and informal norms, potentially transforming—or being transformed by—contextual realities.

A deeper engagement with contextual sensitivity and complexity will better equip scholars to develop IHRM theory that accurately reflects the realities of emerging economies and generates insights that contribute meaningfully to broader debates in international management.

Conclusion

We sincerely thank all the authors for their high-quality contributions, the reviewers for their thoughtful and constructive feedback, and the editorial team at the *International Journal of Manpower* for their support and guidance throughout this process. This special issue brings together a diverse set of empirical studies that advance our understanding of how contextual realities in emerging markets shape HRM practices and challenge established theoretical frameworks. We believe this collection offers fresh theoretical and empirical insights that will not only enrich scholarship but also inform policy and practice in international and comparative HRM. It is our hope that these contributions will inspire further research that continues to foreground the significance of context, complexity, and institutional diversity in shaping HRM globally.

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