

## **STRATEGIC MANAGEMENT OF HUMAN RESOURCES IN MNCs: A BEST FIT THEORY PERSPECTIVE**

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### **ABSTRACT**

Globalization, international competition and technological developments directed all organizations, especially MNCs, to make some important revisions on their structures and to develop plans according to their strategies in all areas. MNCs carry on their activities in a dynamic, uncertain, and volatile environment and as the environment becomes more global, managing people also becomes more challenging for them. In this context, the most important activity for MNCs is the management of human resources according to their strategic plans in the international arena.

Strategic human resources management is a critical part of MNCs drive toward a competitive advantage, contributes the achievement of the business objectives and accomplishes the firm's strategic needs such as survival, growth, adaptability, productivity and profitability. Because the importance of managing people effectively in the global arena is so great, MNCs should devote a great deal more effort into doing it successfully. In this direction, this study aims to enhance the understanding of the strategic management of human resources in the MNCs by using best fit theory perspective. In the direction of this purpose, the study focuses on exploring the SHRM theoretically in depth and making suggestions for managers of MNCs to more effectively utilize human resources vis-a-vis the strategic needs of the organization.

**Keywords:** Human Resources Management, Strategic Human Resources Management, Organizational Strategy, Best Fit Theory, MNCs.

## **ÇOKULUSLU İŞLETMELERDE STRATEJİK İNSAN KAYNAKLARI YÖNETİMİ: EN İYİ UYUM TEORİSİ PERSPEKTİFİ**

### **ÖZET**

Küreselleşme, uluslararası rekabet ve teknolojik gelişmeler, özellikle çokuluslu işletmeler olmak üzere tüm işletmeleri yapılarında bazı önemli değişiklikler yapmaya ve tüm alanlarda stratejilerine göre planlar geliştirmeye yönlendirmiştir. Çokuluslu işletmeler dinamik, belirsiz ve istikrarsız bir çevrede faaliyetlerini sürdürmektedirler ve bu çevre küreselleştikçe insanları yönetmek onlar için daha da zor bir hale gelmektedir. Bu bağlamda, çokuluslu

işletmeler için en önemli faaliyet, uluslararası arenada insan kaynaklarını kendi stratejik planları doğrultusunda yönetmektir.

Stratejik insan kaynakları yönetimi, çokuluslu işletmeleri rekabette avantaj elde etmeye yönlendiren, işletme amaçlarının gerçekleştirilmesine katkıda bulunan ve hayatta kalma, gelişme, uyum sağlama, verimlilik ve karlılık gibi işletmenin stratejik ihtiyaçlarını karşılamaya yardımcı olan önemli bir faaliyettir. Küresel bağlamda insanları etkin bir şekilde yönetmenin önemi çok büyük olduğundan, çokuluslu işletmeler bu faaliyeti başarılı bir biçimde yapmak için çok daha fazla çaba harcamalıdır. Bu doğrultuda, bu çalışma, çokuluslu işletmelerde stratejik insan kaynakları yönetimi anlayışının en iyi uyum teorisi perspektifi açısından daha iyi anlaşılmasını amaçlamaktadır. Bu amaç doğrultusunda, çalışma, stratejik insan kaynakları yönetiminin teorik anlamda derinlemesine incelenmesine ve örgütün stratejik ihtiyaçlarına uygun olarak insan kaynaklarını daha etkin bir biçimde kullanma konusunda çokuluslu işletme yöneticilerine önerilerde bulunulmasına odaklanmaktadır.

**Anahtar Kelimeler:** İnsan Kaynakları Yönetimi, Stratejik İnsan Kaynakları Yönetimi, Örgütsel Strateji, En İyi Uyum Teorisi, Çokuluslu İşletmeler.

### **Introduction**

The changes in the business environment with increasing globalization, changing demographics of the workforce, increased focus on profitability through growth, technological changes, intellectual capital and the never-ending changes that organizations are undergoing have led to increased importance of managing human resources (Devanna et al., 1981; Wright, 1998) for all types of firms. In this direction firms are increasingly looking at human resources as a most important asset that can provide sustainable competitive advantage in the business environment.

During the last decade there has been a dramatic shift in the field of human resources management. This shift has broadened the focus of human resources from the micro analytic research that dominated the field in the past to a more macro or strategic perspective. The strategic perspective of human resources, which has been labeled strategic human resources management (SHRM), has grown out of researchers' desire to demonstrate the importance of human resources practices for organizational performance (Delery and Doty, 1996).

Business scholars with close corporate ties, recognizing that top management attention to personnel issues was as vital as financial concerns in the realization of strategy, clarified how the management of people could be tied to strategic plan. In this context the field of SHRM came upon the business academic scene (Richey and Wally, 1998). In this direction, human resources management literature is using the term "strategic" to support the strategic management by integrating the human resources management functions with the firm's strategies. A strategic approach to human resources management includes a set of human

resources policies, practices that develop the firm's human capital and contributes the achievement of the business objectives (Huselid et al., 1997).

The basic premise underlying SHRM is that organizations adopting a particular strategy require human resources practices that are different from those required by organizations adopting alternative strategies. If this fundamental assumption is correct, then much of the variation in human resources practices across organizations should be explained by the organizations' strategies, and organizations that have greater congruence between their human resources practices and their strategies should enjoy superior performance (Delery and Doty, 1996).

As the environment becomes more global, managing people also becomes more challenging, more unpredictable and uncertain and more subject to rapid change (Schuler, 2000). In this environment, firms can gain sustainable competitive advantage through strategically managing their human resources and operationally exercised as SHRM. As an important feature underlying SHRM, fit reflects the interactive role of human resources management practices and their relationship with the organizational strategy (Wei, 2006). In this paper, SHRM is discussed in the light of the best fit theory for MNCs. In this context, information about the concept of SHRM, the characteristics, benefits and barriers of SHRM, best fit theory for SHRM, SHRM in MNCs and suggestions for human resources managers of MNCs are provided.

### **The Concept of Strategic Human Resources Management**

In the global business environment, firms are forced to learn and adapt rapidly to new technologies and developments to stay competitive. Because the global economy has become increasingly changing and demanding, they need to have build and sustain resources that are valuable, rare, non-substitutable, and hard to copy (Frohloff, 2009) like the human resources. In this direction firms must develop a link between human resources management and the corporate strategies for supplying the needs of the global environment.

SHRM has received a great deal of attention in recent years, most notably in the fields of human resources management, organizational behavior, and industrial relations (Wei, 2006). SHRM links human resources management practices with the business strategy and mobilizes the ability and actions of organizational members toward the firm's goals. By facilitating the management process, it also has a critical impact on initiating organizational change and development and, thus, leverages the implementation of a firm's strategy (Lengnick-Hall and Lengnick-Hall, 1988).

SHRM is defined as the process by which organizations seek to link the human, social, and intellectual capital of their members to the strategic needs of the firm (Bratton and Gold, 2001). In other words, SHRM refers to the overall direction the organization wishes to

pursue in achieving its objectives through people ([www.prdatta.com](http://www.prdatta.com)). In this direction firms employing human resources management practices that are internally consistent and compatible with firm strategy are believed to be superior performers (Wei et al., 2008).

Wright and McMahan (1992) have stated definition of SHRM as “the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals” and distinguish SHRM from traditional human resources management in two distinct ways such as the human resources management practices are linked with the strategic management process of the organization and SHRM enables the coordination among various human resources management practices. And also the SHRM differs from the traditional human resources management in its orientation towards the overall strategy of the organization and its emphasis on adding value and improving profitability (Frohloff, 2009).

SHRM is largely about integration and adaptation. Its concern is to ensure that: (1) human resources management is fully integrated with the organization as articulated through its strategy and the strategic needs of the firm; (2) human resources practices are consistent both across policy areas and across hierarchies; and (3) human resources practices are adjusted, accepted, and used by line managers and employees as part of their everyday work (Schuler, 2000). In this direction, SHRM reflects a more flexible arrangement and utilization of human resources to achieve the organizational goals, and accordingly helps organizations gain a competitive advantage. A great deal of conceptual illustrations assert that the employment of effective human resources practices and the design of a human resources management system compatible with the firm strategy are imperative for the successful implementation of business strategies (Wei, 2006).

#### **Characteristics of Strategic Human Resources Management**

- SHRM is an approach to making decisions on the intentions of the organization concerning people-essential components of the organization’s business strategy. It is about the relationship between human resources management and strategic management in the organization ([www.prdatta.com](http://www.prdatta.com)).
- SHRM integrates human resource considerations with other physical, financial, and technological resources in the setting of goals and solving complex organizational problems (Legnick-Hall and Legnick-Hall, 1988).
- SHRM is concerned with top managements attention and approach to human resources management as a critical strategic dimension.
- SHRM emphasizes the implementation of a set of policies and practices that will build employee pool of skills, knowledge, and abilities that are relevant to organizational goals (Kumar, 2006).
- SHRM aims at the improvement of the way human resources are managed strategically within organizations, with the definitive goal of improving

organizational performance, as judged by its impact on the organization's declared corporate strategy, the customer or shareholders ([www.ivythesis.typepad.com](http://www.ivythesis.typepad.com)).

- SHRM provides a sense of direction in an often turbulent environment so that organizational and business needs can be translated into coherent and practical policies and programmes ([www.prdatta.com](http://www.prdatta.com)).
- SHRM affects the behavior of individuals in their efforts to formulate and implement the strategies (Schuler, 1992).
- SHRM deals with those human resources activities used to support the firms competitive strategy ([www.prdatta.com](http://www.prdatta.com)).
- SHRM is concerned with the contributions human resources strategies make to organizational effectiveness, and the ways in which these contributions are achieved (Ericksen and Dyer, 2004).
- A strategic perspective of human resources management that requires simultaneous consideration of both external (business strategy) and internal (consistency) requirement leads to superior performance of the firm ([www.spiritsglobal.com](http://www.spiritsglobal.com)).
- SHRM is frequently described as a linear, balanced process that begins with the identification of goals that will guide human resource practices ([www.ivythesis.typepad.com](http://www.ivythesis.typepad.com)).
- SHRM can be regarded as a general approach to the strategic management of human resources in accordance with the intentions of the organization on the future direction it wants to take. It is concerned with longer-term people issues and macro-concerns about structure, quality, culture, values, commitment and matching resources to future needs (Kumar, 2006).
- In SHRM, the human resources management practices which include compensation, training, search and selection, staffing, systems of workplace governance, job design and work organization are most effective because they are matched with strategic goals of organizations (Dereli, 2008).
- SHRM is most likely to be practiced in organizations with the following characteristics:
  - ✓ Strong, visionary and often charismatic leadership from the top.
  - ✓ Well articulated missions and values.
  - ✓ A clear expressed business strategy which had been implemented successfully.
  - ✓ A positive focus on well understood critical success factors
  - ✓ The organization offers a closely related range of products or services to customers.
  - ✓ A cohesive top management team.
  - ✓ A human resources director who plays an active part in discussing corporate/business issues as well as making an effective and corporate/business-oriented contribution on human resources matters ([www.prdatta.com](http://www.prdatta.com)).

### **Benefits of Strategic Human Resources Management**

During the last two decades, the development of the human resources management has shifted from the functional perspective to the strategic perspective. The macro perspective of human resources, which has been titled SHRM focuses on the fit of organizational strategies and human resources practices, so as to improve organizational relevant outcome such as productivity and profitability (Wei and Lin, 2007). In this context, as global business competition shifts from efficiency to innovation and from enlargement of scale to creation of value, firms need to be oriented towards the strategic use of human resources (Kumar, 2006). The strategic perspective of human resources provides many advantages for firms such as:

- SHRM emphasises developing the firm's capacity to respond to the external environment through a better deployment of human resources. Since the strategy of a firm is a reflection of its response to the competitive external changes, a human capital pool with a broad array of skills that are compatible with the corporate strategy, is a catalyst for fulfilling the strategic goals through promoting behavioral utility among employees (Wei, 2006). In addition to this, combining human resources practices, all with a focus on the achievement of organizational goals and objectives, can have a substantial affect on the ultimate success of the organization (Kumar, 2006).
- SHRM has the purpose of improving the way that human resources are managed within firms. In this direction the integration of the human resources programs with the goals of the organization will result to the organization's increased value ([www.ivythesis.typepad.com](http://www.ivythesis.typepad.com)).
- SHRM practices enhance employee productivity and the ability of agencies to achieve their mission. And also identifying and analyzing external opportunities and threats that may be crucial to the company's success by SHRM provides a clear business strategy and vision for the future, to supply competitive intelligence that may be useful in the strategic planning process, to recruit and motivate employees, to develop and retain of highly competent employees, to ensure that employee development issues are addressed systematically, to supply information regarding the company's internal strengths and weaknesses, to meet the expectations of the customers effectively and to ensure business surplus thorough competency (Kumar, 2006).

Organization advocated an increase in the input of human resource considerations at strategic planning, an attitude of treating employees as assets, more participation and involvement for employees, effective and open communications, less rule-oriented policies and practices, better training and career development opportunities, rewards and recognition tied to performance ([www.prdatta.com](http://www.prdatta.com)).

### **Barriers of Strategic Human Resources Management**

Barriers to successful SHRM implementation are complex. The main reason is a lack of growth strategy or failure to implement one. Other major barriers are summarized as follows (Kumar, 2006):

- Inducing the vision and mission of the change effort.
- High resistance due to lack of cooperation from the bottom line.
- Interdepartmental conflict.
- Plans that integrate internal resource with external requirements.
- Limited time, money and the resources.
- The status quo approach of employees.
- Fear of incompetency of senior level managers to take up strategic steps.
- Diverse workforce with competitive skill sets.
- Fear towards victimization in the wake of failures.
- Improper strategic assignments and leadership conflict over authority.
- Ramifications for power relations.
- Vulnerability to legislative changes.
- Resistance that comes through the legitimate labor institutions.
- Economic and market pressures influenced the adoption of SHRM.

### **Strategic Human Resource Management and Best Fit Theory**

A crucial aspect concerning SHRM is the concepts of fit and flexibility. The degree of fit determines the human resource system's integration with organization strategy (Kumar, 2006). As an important characteristic of SHRM, fit includes the utilization of human resources to help with the achievement of organizational objectives. In this context, organizational behavior, organization theory, and strategy researchers have long assumed that "fit" among organizational subcomponents results in organizational effectiveness, but often they have been frustrated by difficulties in both conceptualizing and operationalizing the concept. Similarly, a dominant theme of the SHRM literature is the need to fit human resources strategy to the larger organizational context (Milliman et al., 1991). According to Lengnick-Hall and Lengnick-Hall (1988), managers should be fitted or matched to the nature of strategic business planning, the firm's expansion strategy, product life cycle, and future strategic needs and choices. In addition to the concept of fit, another theme in the SHRM literature is the need for flexibility in adapting human resources strategy to its larger organizational context (Lengnick-Hall and Lengnick-Hall, 1988).

According to the best fit theory, a firm that follows a cost-leadership strategy designs narrow jobs and provides little job-security, whereas a company pursuing a differentiation strategy emphasises training and development. This approach is a counterpart to the "one strategy fits all" seen in Pfeffer's seven best practices. The best fit school, therefore, argues

that all SHRM activities must be consistent with each other and linked to the strategic needs of the business (Schuler, 1992).

According to the best fit school, human resources strategy will be more effective when it is appropriately integrated with its specific organizational and environmental context (Boxall and Purcell, 2000). It has been argued that human resources management practices that are not aligned and consistent with organizational strategy and which conflict with other human resources practices can restrain both individual and organizational performance. There are several benefits that are attributed to the fit perspective on SHRM ([www.ivythesis.typepad.com](http://www.ivythesis.typepad.com)). But Zajac et al. (2000) noted that although fit is one of the most widely shared and enduring assumptions in the strategy literature, there has been very little research on the subject, either empirically or theoretically, in recent years. Among the reasons they give for this declining attention to fit is the nature of the concept. It is inherently multidimensional and not easily captured by simple bivariate statements (Becker and Huselid, 2006).

Based on contingency or fit perspective, SHRM can be defined as the integration of human resources practices and policies to the overall organizational objectives with the aim of improving performance. The contingency perspective of SHRM gives particular importance to human resources planning and argues that a firm can be effective if its human resources practices and strategy aligned with other aspects and strategies of the firm. There are two forms of fit alignment- vertical and horizontal ([www.ivythesis.typepad.com](http://www.ivythesis.typepad.com)). Vertical or external fit refers to the alignment of human resources practices with the specific organizational context and horizontal or internal fit refers to the alignment of human resources practices into a coherent system of practices that support one another (Delery, 1998). In general, vertical fit is viewed as a critical step toward attaining the organizational goals through initiating some human resources activities that are aligned with firm objectives, while horizontal fit is essential when making good use of these resources (Wei, 2006). This type of fit shifts the focus from individual human resources practices to the entire human resources management system. If all of the practices fit into a coherent system, the effect of that system on performance should be greater than the sum of the individual effects from each practice alone (Ichniowski et al., 1997).

In the configurational approach of Delery and Doty (1996), the focus is on coordinating human resources systems to enhance horizontal fit, and then linking these systems to the business strategy to maximize vertical fit. Wright and McMahan (1992) consider that not only human resources practices should be linked to organizational strategy, but these practices also need to be strategically linked to each other to ensure that they are promoting the same goals. Internal and external fit are no longer independent constructs. First, internal fit should have no value in the absence of external fit. A highly integrated, mutual reinforcing system of human resources practices, all of which do little to improve strategy



execution, will have little strategic value. Second, if the human resources architecture, and by definition this means the elements within that architecture, is focused on executing the strategic business process, the architecture will necessarily have internal fit (Becker and Huselid, 2006). Both types of fit contribute to the competitiveness of a firm and it is important to arrange a variety of human resources practices in a systematic way (Wei, 2006). According to Pfeffer (1994), a set of properly arranged human resources management practices can have a positive impact on firm performance when they are properly implemented.

The authors espoused the need to establish a close two-way relationship or fit between the external business strategy and the elements of the internal human resources strategy: an organization's human resources management policies and practices must fit with its strategy in its competitive environment and with the immediate business conditions that it faces. The concept of integration has three aspects: the linking of human resources policies and practices with the strategic management process of the organization, the internalization of the importance of human resources on the part of line managers, the integration of the workforce into the organization to foster commitment or an identity of interest with the strategic goals (Bratton and Gold, 2001).

Since achieving both kinds of fit is necessary for firm performance, an examination of the relevant determinants of fit is helpful to better understand the nature of SHRM as well as its contribution to organizational performance (Wei, 2006). In order to be effective, an organization must develop a human resources system that achieves both horizontal and vertical fit. But an ideal configuration would be one with the highest degree of horizontal fit (Delery and Doty, 1996).

#### **Strategic Human Resource Management in MNCs**

The world environment continues to become increasingly intertwined and competitive: technological developments and the continued spread of global competitive capability in newer sets of countries have fostered an environment in which leading MNCs firms must adapt or be displaced (Richey and Wally, 1998). In addition to this, translated through major changes in organizational strategy, structure, shape, and technology, these environmental forces require speed, quality, innovation, and globalization for firms wishing to survive in the international arena. However, as organizations become more global and begin to do business in greater numbers of areas, the number and variety of cultures represented in their workforce also changes. As this number increases and as organizations attempt to treat each different culture with respect, practical issues can arise that may make doing business increasingly more difficult. These environmental forces have given rise to the need for understanding and utilizing knowledge in SHRM and international human resources management (IHRM) (Schuler, 2000).

Significant trends are influencing the ability of an organization to increase its global presence, while maintaining the coherent management of its foreign subsidiary operations. As firms increasingly emphasize their global operations, managing the relationship between headquarters and subsidiaries will significantly increase organizational complexity. This increased complexity arises from a more heterogeneous environmental context, and the challenge of managing in a wide variety of competitive environments requiring greater coordination and integration (Harvey et al., 2000a).

SHRM scholars recognized that through the matching of human resources management policies and practices to the contingencies of particular business and corporate strategies human resources management may potentially contribute to firm financial performance. Similar motives have lead scholars to examine how the refinements of SHRM may be applied in an international arena. Thus, in more recent years, strategic international human resource management (SIHRM) defined as ``human resources management issues, functions, policies and practices that result from the strategic activities of MNCs and that impact their international concerns and goals (Schuler et al., 1993) has become an area of scholarly discussion (Richey and Wally, 1998).

A SIHRM system is viewed as a way for MNCs to effectively manage and control their overseas operations. There is a developing consensus that globally competitive organizations will depend on the uniqueness of their human resources and their system for managing human resources effectively to gain this advantage (Harvey et al., 2000a). The global organization needs to integrate the local social knowledge across multiple country markets of specific, institutional and social environments. The multiplicity of local environments of varying cultural and economic level distance versus the home country increases the need for the firm's inclusion of inpatriation practice in its SIHRM system (Harvey et al., 2000b).

IHRM practices in MNCs appear to play an additional role as mechanisms that enable the firm to deal with control and cross-cultural issues that are both internal and external to the firm. Inherent in the need for control and cross-cultural sensitivity are again the concepts of fit and flexibility. However, MNCs often must address greater challenges than domestic firms in terms of geographic dispersion of operations, cross-cultural differences, global competition, and greater reliance on overseas divisions. Therefore, the concepts of fit and flexibility are expected to be even more complex when applied to the MNCs (Milliman et al., 1991).

Because from a fit perspective in an international context, multiple fits may have to be considered if there are subsidiaries (McMahan et al., 1998). In this context, creating effective strategic human resources practices require the management of two fits simultaneously, external and internal. In terms of the external fit, a central purpose of IHRM practices is to facilitate effective cross-cultural interaction. According to this IHRM

practices are critical in facilitating the adaptation of MNCs to cross-cultural issues overseas: MNCs must deal not only with the cross-cultural environment, but also with the cross-national environment, which includes the social, legal, and political settings of various foreign countries in which they operate. Some specific elements of the cross-national environment include the nature and history of the labor unions and management, national entry barriers, local national government effects, and industry regulations and associations. Thus, a critical component in international firms involves the degree to which MNCs overtly seek to understand the host-country's culture and socio-economic environment (Milliman et al., 1991).

Baird and Meshoulam (1988) suggested the need for a fit within human resources management and between human resources management and the organizational stage of development. To achieve this fit with its environment, the MNCs must continuously involve a number of host-country nationals and trained expatriates in order to obtain the three-way congruence among management, societal values, and organization structure required for effective cross-cultural management practices. Accordingly, a second type of fit involves the degree that IHRM practices are utilized to facilitate the adaptation of the MNCs to their cross-cultural and cross-national environments (Milliman et al., 1991).

MNCs will vary in the degree to which they are able to achieve external and internal IHRM fits and the extent to which they even desire such integration. A major problem is that relationships between the corporate office and foreign subsidiaries are often hampered by distance, national boundaries, language, culture, and national allegiance. The degree of fit desired is dependent on such factors as the company philosophy, strategic orientation, structure, type of products, and environmental arenas of the MNCs. Thus, a second internal IHRM fit involves the degree that human resources practices are congruent between the corporate office and foreign subsidiary levels (Milliman et al., 1991).

## **CONCLUSION**

As globalization and international competition has intensified, MNCs have turned their attention to the question of what factors affect their human resources activities to adapt more effectively in different cultural context. Human resources are valuable assets for business success and can be a source of sustainable competitive advantage for MNCs. Thus developing an effective human resources management system that is compatible with organizational strategy is critical for the functioning and success of MNCs in the competitive business arena.

Human resources department has a strategic role linking the human resources strategy with the business strategy of the MNCs. It is the role of human resources managers to ensure fit in between human resources system with the organization strategy. In this context, human

resources managers of MNCs should give much more attention to the following issues for facilitating human resources management practices effectively in the global arena:

- Strategic approach to human resources management is a very important perspective for MNCs' to drive toward a competitive advantage. So in order to achieve success in the international business environment, the human resources policies and practices must be planned in such a way that they coincide with the organization's business strategies. By this way, human resources management activities contribute the achievement of the MNCs' business objectives.
- In order to survive and meet the challenges of changing world, support the competitive advantage to the organizations, improve the employees' job satisfaction and loyalty, MNCs have to deal with human resources from a strategic perspective. Integrating the use of personnel practices into the strategic planning process enables an organization to better achieve its goals and objectives.
- Organizational strategies and human resources management practices will be influenced by institutional environment. In this context, human resources managers of MNCs should focus on environmental analysis, organizational analysis and design, internal human resources analysis, human resources planning and integrate these activities with the organization's strategic business plan.
- The human resources managers have important role in the effective planning and implementation of the human resources policies and practices in MNCs. In this direction the ability and skills of MNCs' human resources managers is the most important factor in designing an internally and externally consistent as well as a compatible SHRM programs. In this direction, human resources managers should develop the organizational culture that foster innovation and flexibility with the help of linking of human resources with strategic goals and objectives proactively in order to improve business performance of MNCs.
- SHRM should be seen as the human resources function as a strategic partner in the formulation of the MNCs' business strategies as well as in the implementation of those strategies through all human resources activities.
- To gain the advantages of global environment, human resources systems and organizational structures of MNCs should be managed in a way which is congruent with organizational strategy. In this direction, human resources management departments should pursue appropriate strategies to match organization's strategy, involve with efforts to improve productivity through changes in employee relations and provide a good quality of work life to the employees that comes from different national cultures.
- The integration of human resources management programs with the goals of the MNCs will result to the organization's increased value. In this context, human resources managers should focus macro-organizational concerns relating to

structure and culture, organizational effectiveness and performance, match resources to future business requirements and the management of change effectively.

- SHRM enhances productivity and the effectiveness of MNCs. But human resources managers of MNCs should ensure that employees are selected, trained, evaluated, and rewarded in ways that further the achievement of business objectives of organization.
- Human resources managers and line managers in the MNCs should be in cooperation for ensuring the success of SHRM. They should pay attention to better understanding different cultures, determine what is important to SHRM and know what they need to make human resources management practices most effectively. By the time, these efforts can provide positive contributions to the productivity of both MNCs and employees.
- Human resources managers of MNCs should adopt systematic and long term approach to enhance the organizational competitiveness of organization by SHRM. And also they should focus on the strategic fit between the demands of the external environment and the selected vision, goals, and tactics of the organization.
- Human resources managers of MNCs should focus on providing congruence among the various human resources management practices (internal fit) and the fit between human resources management practices with the strategic management process of the organization (external fit). In this context they should take into consideration of the individual, functional and organizational level factors and economical, political, legal, social and cultural issues that influence both types of fit and be flexible while preserving the global coherence.

The international business environment is competitive, dynamic, uncertain, and volatile. Thus, for MNCs the likelihood of managing people in diverse environments and national cultures becomes more difficult than ever before. In order to stay competitive in the global environment, MNCs should recognize the importance of managing their human resources as effectively as possible by focusing on strategic perspective. In this paper, SHRM in MNCs is discussed in the light of the best fit theory. Further studies are particularly needed to explore the strategic management of human resources in MNCs empirically both by best fit theory and other perspectives.

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