

E-HR adoption by firms in Mexico: An Exploration Study

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ABSTRACT

The present paper explores two aspects of national context: national-culture and business dynamics for the implementation of the e-HR strategy. Emphasis is placed on the implications of personal network and social contracts in relation to e-recruitment and e-training in Mexico. The Mexican business dynamic is presented in order to set the contextual analysis to this study. Empirical evidence from three firms in the service industrial sector is provided to explore the relation and implication of national context to the e-HR strategy. We identify directions for future studies in this perspective and implications for practitioners.

Keywords: E-HR, National-culture traits: Social Contracts, Personal Network, Mexico

Paper Theme: Human Capital

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INTRODUCTION

Information Technology (IT) has transformed the operation of certain Human Resources (HR) policies and practices into e-HR. E-HR is a strategy which uses IT to automate, support and perform HR functions (e.g. Buckley, Minette, Joy & Micheals 2004). E-recruitment, e-staffing, e-compensation and benefits among other HR functions have become part of the e-HR strategy in today's business environment (e.g. Fisher and Howell, 2004). It could be argued that the way we work and live has been profoundly altered by information technology (Huselid, 2004, p. 119). What is also increasingly true, is that technology development has redefined job configuration, such as work at home or teleworking (Fenner & Renn, 2004), work-place relationships (Lengnick-Hall & Mortitz, 2003), and the operation of certain HR policies and practices (e.g. Huselid, 2004).

Although IT could serve to reshape HRM into e-HR strategy, other factors concerned with people's national-cultural traits and organizational culture are also crucial to consider in its implementation. For instance, some national-cultural characteristics, such as personal networks (Michailova & Worm, 2003) and social contracts (Elvira & Davila, 2005), might provoke some resistance in the adoption of certain online HR functions. In this respect, firms' organizational culture should enable the implementation and adoption of the e-HR strategy.

Considering the national-culture perspective, one might ask, what are the national cultural roots that might shape the implementation of the e-HR strategy? Paucity of research in this area is partially limited. In particular, empirical research on the e-HR strategy in emerging Latin American economies, like Mexico, is rare (e.g. Elvira & Davila, 2005). In this paper, we attempt to explore the interplay of two national-culture traits: personal networks and social contracts, and the implementation of the e-HR strategy in Mexico. The principal motivation of this paper is to investigate in Mexico, a collectivist and high-power distance society (House,

Hanges, Javidan, Dorfman, & Gupta, 2004), how personal network and social contracts are built and maintained in firms that have implemented the e-HR strategy. In particular, we address the operation and adoption of e-recruitment and e-training.

The connection between national-culture and e-HR strategy is built with the arguments discussed in this paper: The implementation and operation of e-HR strategy should be considered within a number of major national cultural and organizational factors. We argue that cultural traits are deep-rooted in a society, therefore implementing e-HR systems would reshape the way cultural traits are articulated (enhancing the cultural traits). To achieve this, we present three cases that have implemented the e-HR strategy in Mexico. Investigating the proposed national-cultural traits could help FDI and Mexican-owned firms to consider the collectivist characteristics of personal networks for the optimal implementation of the e-HR strategy in Mexico.

The organization of this paper is the following: Firstly, we present the theoretical perspectives of e-HR configuration and national culture characteristics: social contacts and personal networks. This section also presents the research setting context. Secondly, the methodology for studying e-HR in Mexico is presented. Thirdly, three cases are presented, which illustrate how these firms have implemented their e-HR strategy in Mexico. The cases are analyzed considering the cultural traits proposed in this study. Finally, we discuss the arguments developed in this paper, which confirms the relevance of the national-cultural traits characteristics proposed. We depart from the traditional grounded theory research in order to focus on the theoretical implications of the empirical observations, integrating the elements of social contracts and personal networks and e-HR strategy. Recommendations for future research are presented as concluding remarks.

THEORETICAL PERSPECTIVES

E-HRM Configuration

Researchers have shown that there are three stages in the implementation of the e-HR strategy. The first stage named “project-based e-tool” (Kettley & Reilly, 2003), which applies basic IT tools or ‘best-of-breed’ technology applications to key HR processes, such as recruitment and training and payrolls. The second stage is “more advanced HRM activities” (Kettley & Reilly, 2003). “The emphasis here is not on administering, but on HR tools that support basic processes” (Ruël, Bondarouk, & Looise 2004, p. 368). Transformational HRM, the third stage, “concerns HRM activities with a strategic character also known as advanced B2E solutions” (Kettley & Reilly, 2003).

Ruël and colleagues (2004) distinguish four possible outcomes of the e-HR strategy: high commitment, high competence, cost effectiveness, and higher congruence. Ruël et al., (2004) based their argument on Beer, Spector, Lawrence, Mills & Walton’s (1984) approach. In short, implementing the e-HR strategy might facilitate changing the traditional approach to the HR policies and practices. “...in turn, it may change the state of HRM in an organization, or through individuals and/or groups within an organization actually result in a new HRM state” (Ruël et al., 2004: 369). Consequently the “HR department could concentrate more on qualitative tasks such as coaching and consulting” (Biesalski, 2003, p. 1).

While implementing any of the three stages of the e-HR strategy presented, an examination of the national context where the firm operates should be developed. We refer to the national context of the following: economical and industrial development, national-cultural and social-demographic characteristics. We propose that it is important to consider these aspects for

the implementation of the e-HR strategy. The following sections present these issues, as they might cause difficulties for the implementation process and adoption of the e-HR strategy in Mexico.

Business Environment in Mexico

The development of the business environment in Mexico could not be understood without referring to its adoption of an open-door policy in the late 1980s. Mexico joined the General Agreement on Tariffs and Trade (GATT - later World Trade Organization) in 1986 and is the only Latin American country member of the Organization for Economic Cooperation and Development (OECD). Mexico has signed different international agreements such as the North American Free Trade Agreement (NAFTA) signed in January 1994 and the EU-Mexico Free Trade Agreement (FTA) signed in November 2004, among others. To some observers a major asset for Mexico is the country's strategic position at the boundary between Latin America and the USA. It could be argued, however, that Mexico's economic stability over the last couple of years, 4.0 GDP in 2006 and USD \$7.298 GDP per capita in 2005 (IMF, 2007), and its open-door policy could be the basis for its position in Latin America. As a result of these, Mexico has achieved success in attracting foreign direct investment (FDI), US\$104.3 billions in FDI, 2004 (UNCTAD and Mexico's Ministry of Economy, 2005).

Although Mexico has implemented fundamental reforms in different aspects of its economy and policy, and has become more industrialized, some socio-cultural traits still remain. For example, IT development remains a major difficulty that may pose some problems for enterprises willing to make a move into the e-HR strategy. Mexico still suffers from limited access to technologies. 18.4% of the households in Mexico have a computer and only 9% of

households have an Internet connection, and in terms of the population, 28.5% of Mexicans use computers and 17.7% the Internet (INEGI, 2005). Of the firms operating in Mexico, only 28.6% have Internet access and 71.4% operate without IT tools (ibid & ISM, 2007). The implication of e-HRM goals for the Mexican industry is that, for labor-intensive manufacturing firms, cost reduction could be the strategy to follow.

In order to understand the implications of the business environment for the e-HR strategy in Mexico, national-culture traits must also be considered. We propose that national-cultural traits are deep-rooted in Mexican society (Elvira and Davila, 2005), and remain despite the implementation of the e-HR strategy. In the following section we describe how social contracts and personal networks operate in Mexico in relation to e-HR.

National Culture Traits: *Social Contracts and Personal Network*

According to Bond and colleagues (2004) researchers have made many attempts to define and measure culture. Thus, in this paper we refer to national-culture to identify a group in a nation (country) as an indicator of culture (Hofstede, 1983). We underline nation because it gives a person his/her sociological meaning of nationally, of belonging to a group. Hofstede (1983) states “nations are political units, rooted in history, with their own institutions: forms of government, legal system, educational system, labor and employer’s association systems” (75). We propose to explore two national-cultural traits: personal network (Michailova & Worm, 2003) and social contracts (Elvira & Davila, 2005), which could help to understand the complexity of implementing the e-HR strategy in Mexico.

We refer to a personal network as a group of people with whom you like to spend your free time and could integrate members of the organization. According to Michailova & Worm

(2003), personal networks are predominant in most emerging markets. They argue that a “network is a complex phenomenon, which can be approached meaningfully only in relation to a particular economic, political, social, historical, and cultural context” (p. 509). In Mexico, firms to some extent enhance personal networks within the employees. For example, norms have been developed for engaging in social activities outside of the workplace, such as religion festivities. A personal network implies “the interpersonal linkages with the implication of a continued exchange of favors, by including reciprocal obligations to respond to request for assistance” (Michailova & Worm, 2003, p. 510). Within the personal network there “exists a natural occurring relationship in which ties to individuals are built with whom people discuss important personal matters” (Carroll & Teo, 1996, p. 424). We will focus on personal networks integrated by employees within an organization (e.g. Carroll & Teo, 1996). We present the four characteristics and implications of personal networks that can be found in a collectivist society such as Mexico (Hofstede, 1983; House et al., 2004) proposed by Michailova & Worm (2003).

First, based largely on collectivism/relationship, in which the main responsibility and loyalty are to and for a larger group of people, such as an extended family or work group of which one is a part (Maznevski, DiStefano, Gomez, C., Noorderhaven, & Wu, 1997). One important characteristic in collective cultures is that if a person is not part of one’s own group – personal network, he/she has no obligation to help or care for the other person (Lane, DiStefano & Maznevski, 2006, p. 39).

Second, vitally important, often a matter of survival, which implies: for people with the “right” types of social connections, personal networks can more effectively employ different types of capital that they possess such as knowledge, skills, abilities and financial resources to achieve their goals” (OH, Chung & Labianca, 2004, p. 861).

Third, highly frequent exchanges and cooperation take place at the workplace, which signify the relational behavior among the members of the network that contributes to group task achievement (e.g. Milton & Westphal, 2005, p. 197), and wherein certain members of the personal network become trusted and exchange partners who can be called upon for resources and support (OH, Chung & Labianca, 2004).

Fourth, extended relationship, Elvira and Davila point out, “the cultural values of respect for authority make Latin Americans appreciate closeness to the person in authority, while the value placed on social relationships explains the emotional content of this appreciation and develops a dynamic type of tie with a certain type of outcome –i.e. loyalty, reciprocity or dependency” (Elvira & Davila 2005, p. 2278). These outcomes help to build extended relationships that also take place outside of work. Extended relationships or the extended family (Elvira & Davila 2005) is integrated by members of the personal network. There is a particular way of thinking behind this type of relationship characteristics, which offers an important opportunity for exploring the extent to which family and friends’ networks, and, within firms, vertical networks between managers and subordinates (Elvira & Davila, 2005) might be affected by the implementation and adoption of the e-HR strategy in Mexico. In short, the national context might shape the e-HR strategy in Mexico.

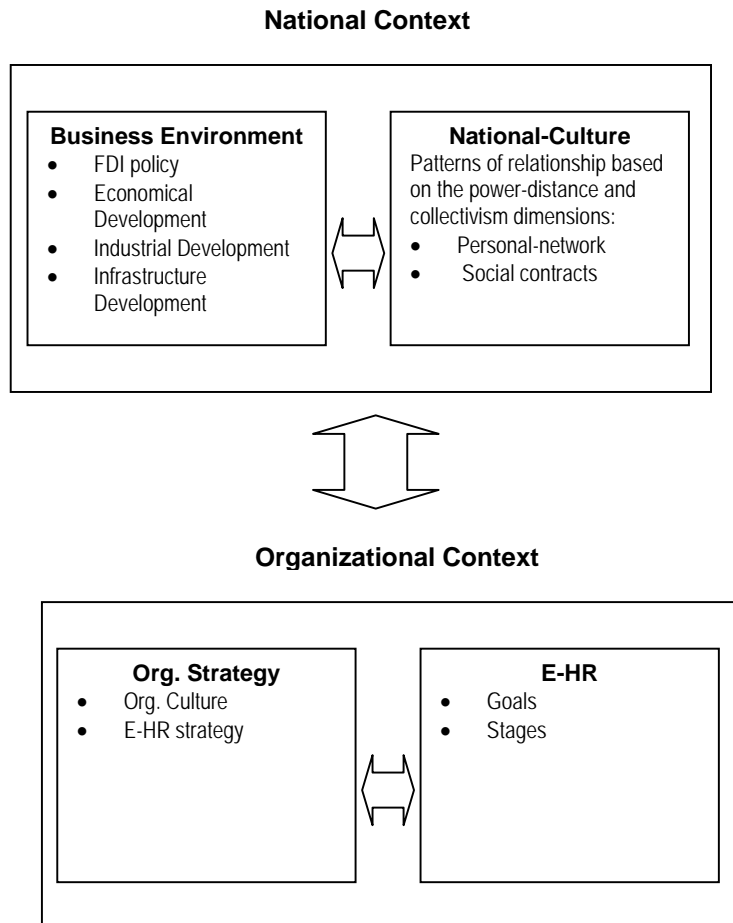
Based on the Mexican business dynamic and the national-cultural traits presented, it is important to explore how e-recruitment and e-training operate in Mexico. Recruitment and training are likely to be affected by the kinds of differentiation that are emphasized in certain social-demographic aspects such as age, sex and in relation the personal networks and relationships within a firm (Elvira & Davila, 2005), among other factors.

Researchers have shown that recruitment practices in Mexico are to some extent based on personal networks, as there are reciprocal obligations to the members of the extended family inside and outside of the organization (Elvira & Davila, 2005). For example, there is a certain amount of facilitation found in staffing in elitist, high-power-distance cultures like Mexico (House *et al.*, 2004).

Training has become a transformational type of e-HRM (Ruël *et al.*, 2004). However, it is uncertain if this approach could work in Mexico. Considering the Mexican national context, it could be argued that the Mexican cultural dimension of high power-distance (Hofstede, 1983, House *et al.*, 2004) implies that training programs in Mexico could be based on expert/formal authority roles between trainers and trainees. In this setting, the trainers emphasize their expert role and formal authority. The trainers believe in “teaching by personal example” and offer themselves as a role model on how to think and behave. Thus, e-training, might present different implications for both trainers and trainees. Changing the training techniques might imply a re-shaping of social contracts and personal networks. Employees would also need not only to be trained in a different format: e-training, but also to depend “less” on the trainers as a role model.

In this context, Elvira and Davila’s (2005) research suggests that Mexico’s contextual and social contracts shape the operationalization of the HR policies and practices in Mexico. “Social contracts help to explain why ‘rational’, formalized HRM systems do not adequately translate into success for Latin America’s management” (Elvira & Davila, 2005: 2277). To conclude, social contracts and personal networks present distinctive characteristics of how HRM policies and practices take place in Mexico. These factors might pose some challenges and implications to the e-HR strategy. From the above discussion we propose to explore the following specific questions: 1) Are there any components of the Mexican culture that

specifically impact the applicability of the e-HR strategy in Mexico, specifically e-recruitment and e-training practices? 2) What is the implication of the Mexican Business Dynamic for implementing the e-HR strategy?



METHODS

To explore the interplay between national context and e-HR in Mexico, we used an exploratory and qualitative research design relying on external contextual information, firm documentation and in-depth interviews with HR managers and employees at different levels of the organization.

The three case studies (Yin, 1989) in the service industrial sector were judgmentally –not randomly- chosen given the fact that the selected companies needed to have a “good reputation” regarding their e-HR configuration, and fluid access to key managers willing to collaborate on this study. The case studies’ description was developed by taking the firm as the main unit of analysis. As such, the cases are not designed to be representative, but rather to provide exploratory insights into the national context and e-HR under investigation. While the identity of the firms are not revealed on the grounds of confidentiality, we do provide sufficient information to understand the nature of each firm and the national context characteristics associated with the e-HR strategy implementation and adoption.

Face-to-face semi-structured interviews based on indicated aspects were employed. We conducted audio-recorded interviews that lasted between 60 to 90 minutes. The interviews were transcribed verbatim and circulated among all the authors to consequently generate the full write-ups on each case. The interviews took place in 2005 and early 2007. In the following section, we analyze each firm separately and offer an interpretative account of the selected firms regarding e-HR strategy implementation.

RESULTS –CASES

Case study: IT consultant

IT consultant is a Mexican-owned firm which is Latin America's largest private IT service provider. IT consultant was founded in a Northern city of Mexico more than two decades ago. The company has more than 5,000 professionals in its subsidiaries located in 10 countries, including North America, Latin America and Europe. IT consultant offers worldwide a full range of IT services such as Enterprise Resource Planning software (ERP) and Business Process Management (BPM), among other IT solutions. The CEO argues that global competition is the challenge that the firm faces. IT consultant is mainly challenged by Indian-based firms which compete worldwide based on costs. The international market where the firm competes, together with the nature of specialized IT sector, provides critical dimensions of the context within which IT consultant operates. The CEO expressed, that the firm, internally, faces the challenge of building a stronger mindshare among their employees, in particular knowledge sharing. In this line of thought, the firm has integrated e-HR as its core strategy. The HR manager stated that the e-HR strategy has been developed to enhance among its employees the firm's core values: openness, commitment, trust, respect and synergy.

As might be anticipated, IT consultant has internally designed and implemented the e-HR platform, which provides employees' access to the main HR functions, such as: recruitment and selection, training and compensation.

The HR manager demonstrated and explained the firm's e-HR platform, which revealed the significance of the firm's web HR applications to improve internal client service delivery and employee development. The e-HR platform proved to be located in the transformational stage, according to the e-HR configuration. The elements that give support to this statement are presented as follows.

While the firm develops worldwide IT services, e-HR applications help to locate and relocate the human assets around the world according to the projects. The internal e-recruitment platform is essential to the firm in this respect.

In terms of the national-culture trait personal network, our analysis of the texts demonstrated how the contextual factors around the firm play an important role in the operation of the e-HR strategy. In order to present these findings, it is important to describe the firm's employees' profile and the nature of their work. Firstly, the employees have bachelor degrees either in Computer Science, Management Information Systems or Business Information Systems. We found that the firm has outstanding creative people who are experts in IT. They work as a team, in the design and implementation of innovative IT solutions. A common feature of employees is that they have been engaged in the use of Internet from a young age. We can say that these employees are the *elite* in Mexican society - a (sub)culture in Mexico, as the figures presented the low percentage of Mexicans that use computers and Internet. Secondly, the nature of the employees' work is highly-competitive. It requires rapid and efficient responses to the clients and an awareness of IT developments. In this respect, the employees agree that a personal network is vital for the nature of their work. As one of the engineers interviewed noted: "*I have encountered different situations that I am not sure how to resolve, for example, a technical problem –when I am in front of a client. However, I know that I will find a solution by relying on my friends and co-workers*". This reflection illustrates the characteristic of personal networks in Mexico, as vitally important –a matter of survival. The same engineer also mentioned that there is "*complicity*", "*reciprocal obligations*" (Elvira and Davila, 2005) within the members of his personal network. IT consultant's employees rely on each other not only to help in work-related "*problems*", but also for their personal life situations.

The HR manager explained that one of the biggest challenges of the firm is to retain and share the knowledge among the firm's "human capital" in the HR manager's words. Consequently, the firm is working on its own IT system to enhance knowledge sharing among the members of the organization. This is critical for them as the employees could learn from others' experiences, for example, solutions given to some of the technical problems faced in the different projects around the world. Consequently, the members of the firm could learn from each other, and not only rely on their personal network. In so doing, the employees could expand their personal network. The firm aims to set the basis to create strong personal networks among the members of the organization.

Following the nature of the service that the firm provides, the HR department has changed the configuration of the organizational structure. The HR manager explained that the employees are not hired for a position. The nature and organization of the work change according to the project that the firm develops. Our analysis of the interviews revealed that IT consultant hires employees to be part of a group, in which trust and cooperation among its members must be developed. As the example presented, in terms of the personal network, the company has opened the way to encourage cooperation and exchanges between the employees. This goes outside the firm, as they also meet for drinks and meals, a common practice in different societies (OH et al., 2004).

The other feature that emerges from the analysis of this case is the "negative" effects of the e-HR strategy. According to some of the engineers interviewed, the HR department has become less human in the sense that the employees are more in contact with computers and technology than with the employees at the HR department. Our analyses of the texts give evidence that the significance of the HR department may have decreased in the eyes of the

employees, as they now notice the HR department “virtually” rather than “physically”. Even though these changes are not always positive, the HR manager states that the e-HR strategy helps to enhance the firm’s core values. IT consultant shows the importance of the relevance of the national context in relation to the e-HR strategy.

The following case presents a Mexican-owned bank, which illustrates different patterns of social contracts and personal networks.

CASE: Bank A

Bank A is a Mexican commercial and retail bank founded during the late 1800’s in Mexico. Bank A has branches across Mexico and employs over 10,000 staff. The highly competitive financial sector has placed pressure on Bank A to continually design innovative services. One example goes back to the beginning of the 90’s, when the bank visualized the great potential of Internet-banking services as a competitive solution for customer-oriented online financial services. As a result of this vision, the bank now offers both traditional banking services and online personal and business and commercial banking access, which is relatively new in the Mexican context.

Bank A has developed its Intranet by its own: “tailor-made” IT department. Its Intranet lets the employees have access to HR functions, such as compensation (payroll, benefits and overtime), holiday control, e-learning (training and development), e-recruitment and selection. The HR manager indicated that e-learning has become an important tool, which has allows managers to track and coach their subordinates’ career development programs. The HR manager presented us, in the firm’s e-HR platform, some examples of the online courses, such as Credit Cards, Preventing Money Laundering, Customer Care, Ethics Code, Introduction to e-Learning,

Development of Banking Competences, Mortgage Credit, Banking Security, Customer Service and Local Bank Image.

The analyses of the interviews and the firm's documentation provided evidence of the transformational stage of the firm's e-HR platform. For example, the introduction of e-HR functions previously mentioned have made it possible to change the role of the HR manager in order to work collaboratively with other managers, in designing and setting up operations in organizational value-added projects, aligned to the firm's mission and objectives.

In terms of the national context, the implementation of e-HR strategy required time and special courses for some employees, specifically senior employees who were not familiar with the computer as a work tool. This becomes critical for these employees, who have had to adapt to the e-HR strategy. In the same line of arguments, organizational communication processes within the Bank is a critical aspect to consider in the implementation process of the e-HR strategy. Elvira and Davila's (2005) findings suggest that personal contact among employees is important in Mexican firms. The HR manager pointed out that the e-HR functions, especially e-learning, have eliminated or reduced personal contact between employees from different organizational areas. As one of the employees noted, *"With the e-learning tool we are not able to interact with partners from other functional areas. Before e-learning, we enrolled in a training course that was scheduled for a specific date, so people from different organizational areas came to this course. During the course, we could talk about our labor activities; we could share ideas, and also innovate"*. We found that for the employees adopting the e-learning platform is challenging. The employees interviewed have been educated in the traditional classroom setting. Face-to-face interaction between employees and with the trainer seems to be important for their learning

process. To some extent, the resistance to the adoption of e-learning might reflect the Mexican national-culture collectivistic dimension (House et al., 2004).

In terms of the characteristics and implications of personal networks that can be found in a collectivist's society proposed by Michailova and Worm (2003), Bank A illustrates how in Mexico, as a collectivist's society, it is possible to find all the characteristics. The introduction of e-HR was not enforced by the hierarchical levels or functional area; this enterprise decided to transform itself with the support of all the members of the organization. According to the interviews conducted, the top management level provided formal and informal talks to the employees to familiarize them with the e-HR strategy. As HR managers said: *"It was not easy; everyone was in the same boat, with the same problems, so we can help each other"*. IT experience was the key to learning and adapting efficiently to this organizational change. IT experience is pronounced as *"vitaly important, often a matter of survival these days"*. Senior employees needed special training in order to adopt and perform e-HR functions.

The introduction of Intranet in HRM functions like e-learning and information communication technology (ICT) tools, such as e-mail have reduced face-to-face interaction. In spite of this, employees have found different ways of keeping alive their personal relationships in the form of personal networks. They schedule meetings in the cafeteria to talk about specific problems or they spontaneously organize gatherings to share ideas. The HR manager explained that the benefit of using technology as media communication is that work meetings tend to be shorter than without e-mail communication. Before the meeting takes place, employees exchange e-mails to share and discuss ideas in relation to the topics that will be discussed. Therefore, the employees go directly to the point during the scheduled meeting. In this way, they have time to assimilate the situation. This explains how the third characteristic of personal networks presented

by Michailova and Worm (2003) “Highly frequent exchanges and cooperation take place at the workplace” operates at the firm. The face-to-face communication to some extent has been replaced by e-mail exchange. However, the point is that cooperation still exists between employees. It has been reshaped at Bank A by the implementation of the e-HR strategy. At the first stage of the e-HR strategy implementation, the top management promoted the use of e-mails to exchange labor information and reduce paper communication and phone calls. But, it was difficult to determine whether the employees were using the e-mail for labor purposes or to communicate with their personal network.

One aspect that has been a concern in relation to the e-HR strategy is the personal contact (face-to-face communication) between managers and subordinates, in terms of their relationship. However, IT solutions have made it possible for managers to access electronically information about their subordinates, such as training courses taken, holiday scheduling, and salary among others. Also, managers can access handbooks on different processes, legal information, besides e-mails from their computer. The HR manager explained that there are cases where managers from specific departments have to attend meetings and visit clients in different locations owing to the nature of their responsibilities. Consequently, the communication between the manager and subordinates is basically through e-mail. According to the interviews, virtual communication between managers and subordinates has not affected the achievement of results. Additionally, it has not changed the perception of the manager’s role. Although some managers communicate by e-mail intensively with their subordinates, it has not changed the notion of who is the boss. This reflects the importance of the national-culture power-distance dimension (Hofstede, 1983; House et al., 2004). Even though there is less face-to-face interaction as a result of the ICT, the figure of the boss remains.

The implementation of the e-HR functions took some time to be accepted by all employees, especially for the senior employees as they needed to learn how to use IT tools. The interviews show that the resistance to adopting the e-HR strategy could be interpreted based on the contextual factors, in particular Mexican economic development. Although Mexico presents positive macro-economics figures, this case gave evidence that the employees fear losing their jobs, especially the seniors, as a result of the implementation of the e-HR strategy. Nevertheless, commitment from top and line managers at all levels of the bank to the e-HR strategy was one of the key elements to change the employees' negative perception of the e-HR strategy. As a result of this, the use of e-HR functions has grown dramatically and the face to face assistance with the HR department has been reduced. This change represents for the bank a cost-effectiveness outcome.

In spite of the Mexican national-culture traits, in particular computer literacy and the knowledge of IT tools in senior employees, the support of the top management has been the main factor which has made it possible to implement the e-HR strategy successfully.

The following case also presents a financial institution. It is an international Bank which illustrates the importance of social contracts and personal network among its Mexican employees.

Case: Bank B

Bank B is an European-based financial service provider that has a strong acquisition strategy in order to expand its presence around the world. This firm is a large corporation that operates in approximately 75 countries with about 25,000 employees worldwide. The bank

recently acquired a Mexican-owned bank. The acquisition process helped Bank B to be classified as one of the top-five largest financial corporations in Mexico.

The HRM strategy for the firm follows the worldwide integration strategy. This strategy seeks to integrate the acquired banks around the world into the Bank's principles and values. The integration of the HR manager at the firm has been established through a strategic plan to implement their global e-HR policy in Mexico. This strategy initiated with a long process of training at all levels of the organization, where the main objective was to make the employees aware of the importance of the e-HR strategy for the global vision and mission of the bank.

It is important to highlight that Bank B implemented a sophisticated e-HR self-service platform, which is at the third stage of the e-HR configuration: transformational. The HR manager demonstrated how the e-HR platform works for the five e-HR functions: 1) My teamwork, 2) Individual information, 3) Recruitment and selection, 4) Training and development, and 5) Compensation system. We saw in the firm's e-HR portal how managers can use the self-service tool to access tailored applications to manage their team-members. It enables the managers to control their teamwork processes in a single, web-deployed tool. In addition, it automates leave planning and related compensation for the entire workforce, even at the multinational operating environment. At the employee level, it is possible to share the data that already exists and that is kept in their HR self-service database with their directory. In sum, online HR architecture is a powerful and scalable global transaction. It offers a single, global platform across this entire business process of the bank that integrates with sophisticated HR functionality.

Nevertheless, the HR manager explained that in some cases employees have refused to use technology as a form of communication. The manager stated that some employees are afraid

of being “incapable” of using technology, and consequently they consider that they do not have sufficient expertise to use platforms or software designed to improve their work. Employees feel powerless to work with new IT tools that they have not been trained to use, or that they simply do not understand the necessity of using in order to perform their work. Further, some employees would have preferred to just keep working in the traditional way in which they always have worked. According to the HR manager, this type of refusal to use technology is more significant in Mexico. In his words, “*we don’t have the culture that is developed in other countries in terms of technological issues; as Mexicans we don’t tend to use electronic business tools or automation of all the processes at company level. However, in a globalized world the use of technology to be competitive in order to survive is fundamental*”. This statement reflects the Mexican contextual factors that 8.5% of Mexicans use computers and 17.7% the Internet (INEGI, 2005). Taking into consideration this contextual factor and the lack of computer and Internet literacy, the HR department developed a tailored training course for the Mexican employees that showed resistance to adopting the e-HR strategy. The objective of this course was to make the employees aware of the benefits of the electronic tools. The HR manager stated that besides the training program, informal meetings and coaching were developed to decrease the rejection of adopting the e-HR tools. Consequently, the e-HR strategy implementation at the bank has been a slow step-by-step process in the three stages of the e-HR strategy’s implementation. As the manager interviewed states, “*Little by little, watching the trustful use of the electronic-systems by the employees, and teaching the staff the way to use the web tools, meaning training them, we have to some extent accomplished the implementation of the e-HR strategy at our institution. It has been a one-year process*”.

In terms of the implication of e-HR strategy for the induction process for new employees at the firm, the HR manager gave us a clear example of the implication of this in relation to the Mexican national-cultural traits: *“When a new employee arrived at the firm, before the implementation of the e-HR strategy, the HR manager that welcomed the new employee gave her/him a tour of the institution and personally introduced her/him to all the employees. The new and current employees met in person. That was a good way to build relationships for the new employee. However, now in the new process, the HR responsible for this function introduces the new employee only to the employees in his/her area, and for the other employees, the HR manager sends an e-mail to welcome the new employee. So, this process has become very cold and impersonal way”*. In addition, the new employees complete the induction program on the firm’s e-training platform. The HR manager explained that to some extent this is a complicated process for some new employees as they have never taken an on-line training course.

Despite of these complications for implementing the e-HR strategy, the HR manager stated that the e-HR strategy is essential for implementing the strategic role of the HR department worldwide. The analyses of the interviews revealed that the employees are aware that they have to adapt to the changes being implemented in the organization. At the same time, managers believe that they need to be careful in this process. In the manager’s words: *“we must care for the people, by being humanistic and taking care of the feelings of the employees, and not treat them as a number, or as a machine”*.

We found that the implementation of e-HR strategy across different functions at the firm has created different job configurations at certain levels of the organization. For example, we found that executives can now work from home, something unthinkable in the former management at the Bank. Furthermore, the bank can now afford to equip employees with the

latest technology. Thus, virtual communication is more common. However, according to the interviews conducted we have found that the employees have developed the ability to integrate the e-HR strategy by taking into consideration the personal network characteristic of the Mexican collectivist society. The Mexican national-culture is about building relationships inside and outside the workplace. The balance between the Mexican cultural characteristics and the new form of work at the firm can be illustrated in the way employees see their formal-team at the firm as a part of their extended family. A manager interviewed illustrated this cultural trait: *“in our formal team-work (10 employees) we have a ritual in which we meet once at month at the home of one of our colleagues. Each one brings something to eat and drink and we talk about everything and nothing, BUT we do not talk about work!”* As the manager interviewed states, this kind of *“informal”* social meeting helps them to build friendship bonds within the formal-team, thus creating an environment of exchange and cooperation dynamics as they share their personal problems, and helping to build personal networks and patterns of extended family. The manager interviewed does not recall that this kind of ritual take places in other branches around the world. It is an initiative of the Mexican employees. This illustrates how social contracts and personal networks have being built despite the implementation of the e-HR strategy. The implication of the gatherings outside of work is that trust and exchange patterns among the members of the personal network have been increased. For example, in terms of the request for days off, although they have the e-HR tool for this purpose, according to the manager 80% to 90% of the day-off requests are made in a face-to-face interaction format. Then they fill in the on-line form, even though the agreement has already being made. According to the interviews, employees feel more comfortable explaining in the managers’ office the reasons for their day-off request than filling in the on-line form.

Considering the recruitment and selection process, the firm has a policy around the world in which the only source for recruiting is through its on-line portal. As presented, in general terms Mexicans have low accessibility to the Internet. Therefore, the aforementioned policy could be interpreted to some extent as discriminatory considering Mexico's social and economical development –national context. We discussed these arguments with the HR manager. The manager explained that the firm has adapted the recruitment policy for Mexico. In Mexico Bank B does not rely only on their on-line recruitment platform to attract new candidates. The firm goes further in their social responsibility as it has signed agreements with the local government authorities to join the employment fairs that they organize. In addition to this, the firm recruits in fairs organized by public and private universities. The manager interviewed presented us an interesting picture of the Mexican characteristic taken from the recruitment and selection processes: *“I have interviewed candidates that do not have an e-mail account, however during the interview process I notice that they have the profile that we are looking for. Proficiency of IT tools is important, but knowing that the candidate shares the values of the firms is even better”*. Given the Mexican national context, in terms of the use of computers and the Internet, it is common to find candidates that do not have an e-mail account. The HR manager pointed out that these types of candidates, after having completed all the recruitment and selection processes, can be hired as bank tellers, which is the basic position in the firm.

This case has illustrated how a personal network is built and operates in the firm. It is interesting to observe that despite the implementation of the e-HR strategy, it has not affected social contract and personal network patterns among the members of the firm.

DISCUSSION AND CONCLUSIONS

We proposed and defined social contracts (Elvira & Davila, 2005) and personal networks (Michailova & Worm, 2003) as national-cultural traits that could help to explore the implementation of the e-HR strategy in Mexico. The discourse and analysis of the three case studies provide initial evidence for the descriptive importance of the national context in the implementation and adoption of the e-HR strategy in Mexico.

According to the analysis of the three cases presented, we can conclude for the first research question: *Are there any components of the Mexican culture that specifically impact the applicability of the e-HR strategy in Mexico, specifically e-recruitment and e-training practices?* Although the three case studies presented do not allow us to generalize, they have made it possible for us to recount the e-HR phenomenon in Mexico. The computer-literacy and infrastructure in Mexico seems to reshape the applicability of the e-HR strategy across the firms investigated. The findings suggest the following pattern: Employees' profile, the cases studies demonstrated that given the nature of the highly competitive industrial sector where they operate, employees must adopt the e-HR strategy for their career development. As one manager mentioned, "*we are all in the same boat*". However, we found that for the financial firms, they have considered the level of computer-literacy of their employees for implementing the e-HR strategy. In these two firms there has been a phase-based approach for gradual implementation rather than a radical approach. This has been critical for the implementation of the e-training platform in the two financial institutions investigated. Further, the firms visited to some extent encourage personal networks among the employees by providing the means for employees' interaction outside the firm. It now seems that exchange and cooperation in the social contract might be maintained through ICT. We can suggest that the cultural traits remain in the firms investigated, but to some extent they are expressed in different formats. On the other hand, we

found that the employees' profile for IT Consultant represents a (sub)culture within the Mexican society. We can only talk of a small percentage of the Mexican population that might have the same profile. Thus, for these employees, social contracts and personal networks have been developed through virtual communication. Nevertheless, the firm faces the challenge of capitalizing the employees' personal network into knowledge sharing within the e-HR strategy. We found that the firm struggles to foment pro-active communication within the firm in order to promote collaborative systems between the employees. These issues could be interpreted based on the dynamic of the social contracts and personal networks in which members of a network have a preference for cooperation and exchange with the members of their personal network.

Framing these arguments in the second research question: *What is the implication of the Mexican Business Dynamic for implementing the e-HR strategy?* The Mexican business dynamic is becoming more competitive. Mexico has adopted an open-door policy and more FDI firms have been established in Mexico. Consequently, it places pressure on Mexican owned firms to transform the traditional labor-intensive HR activities into a strategic function. For the European-based bank visited, implementing the e-HR strategy follows its global HR strategy regardless of the Mexican business dynamic. Thus, we can only talk for the specific industrial service sectors of Banking and IT services that cannot provide interpretative conclusions of the business dynamic in Mexico. Our study suggests that the firms visited acknowledge the Mexican contextual factors for implemented the e-HR strategy. We have found common patterns across the firms visited in which top management supports the e-HR strategy project. They have planned and supported the implementation process by training and coaching employees in the incoming e-HR strategy and training the employees to adopt and become familiar with the e-HR strategy.

Social Contracts and Personal networks are present in different national-cultures (Elvira & Davila, 2005; OH et al., 2004; Michailova & Worm, 2003). The significance of exploring these cultural traits in Mexico is to draw patterns of their configuration. The preliminary findings presented social contracts that are embedded within the dynamic of personal network. The increasingly complex Mexican business dynamic within which the organizations analyzed operate has given some directions to understand how a personal network is a complex social phenomenon in Mexico. This view highlights the importance of further studying the cultural traits proposed, for managers to design and implement the process of the e-HR strategy in Mexico. Nonetheless, the perspectives presented in this paper, business environment and national culture traits, provide incomplete results for the applicability of the e-HR strategy in Mexico. Thus, these features could jeopardize the e-HR outcomes that the firms visited aim to obtain. Only future research that integrates a tool for measuring the e-HR performance could tell. These issues should be on the agenda for the future through more detailed research.

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