

## **Uncertain context, power of employees and HRM practices of internationally-oriented SMEs: insights from a transition economy in the periphery**

Research on labour relations and Human Resource Management (HRM) in Asia have paid insufficient attention to how institutions in general, and national as well as local labour regulations in particular, shape HRM practices and employee behaviour in the context of continuously increasing internationalisation of business and economic and political instability (Lee Cooke and Kim, 2018; Woods et al.; 2018). This paper aims to explore through the lens of institutional voids (Khanna and Palepu, 1999; Mol et. al. 2004) and institutional work (Lewis, 2018; Jackson et al., 2014; Paauwe, 2009) how high levels of uncertainty in the political and economic arena impact on the bargaining dynamics between export-oriented Kyrgyzstan SMEs and their employees? Further, the paper explores how this dynamic shapes HRM practices utilized by SMEs.

Kyrgyzstan is one of the five post-socialist states in the Central Asian periphery undergoing a complex process of transition from planned to market-based economic system. The case of Kyrgyzstan deserves a special consideration because unlike its neighbors in the region it has endured two overthrows of established presidents (in 2005 and 2010 respectively), severe political turbulence, widespread social unrests and a brutal internal ethnic conflict over the last decade. Such rapid, unprecedented and disruptive changes in its political, economic and social spheres resulted in a context with high uncertainties for firms, making it a suitable setting to conduct this study. Some of the key transitional challenges faced by firms in this environment include political and institutional instability and pervasiveness institutional voids, which pertain to uncondusive regulations, weak property rights, high unemployment and severely under-developed labour market, which in turn is embodied by the absence of employment contracts, relatively high unemployment, high labour mobility in general and labour migration in particular (Agadjanian and Gorina, 2018; Namazie and Sanfey, 2001; Makhmadshoev, 2018; Rocheva and Varshaver, 2017). Our research findings show that in this environment, uncertainty breeds and impacts significantly on firms and their HRM practices, while also framing the work effort bargain between workers and SMEs, triggering essential problems, such as high staff turnover, discipline issues and volatile performance results, but also wider labour market problems, such as shortages of labour. Our findings discuss in detail the reversed power dynamics in the work effort bargain dynamics and different models of work organisation in general and HRM practices in particular that SMEs adopt.

The paper is informed by a case study approach, resting on qualitative expert interviews with managers and workers from 20 exporting SMEs from Kyrgyzstan's garment and textile industry. The SMEs this paper focusses on are integrated in the global garment and textile value chains and governed by international MNEs. This data is complemented by documentary analysis, 13 hours of direct observations, and a further 5 in-depth interviews with expert informants, which included industry specialists, policy-makers, representatives of international NGOs and business associations. The data derives from a fieldwork conducted in Kyrgyzstan between April – June 2018.