Navigating Institutional Complexity: An Analysis of the Localisation and Standardisation of Human Resource Management Practices of Chinese Subsidiaries Operating in the UK

Amani Shajera, BA (Hons), MSc

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ABSTRACT

This study is about the localisation and standardisation of human resource management (HRM) practices in Chinese Multinational Corporation (CMNC) subsidiaries operating in the UK.

One of the most significant shifts in the global business environment is the speed of the economic development and expansion of CMNCs into the global arena. They are rapidly internationalising into developed markets (DMs), such as the UK, to secure advanced knowledge and acquire key management know-how. Despite significant developments in the Chinese business scene in the last two decades, research into how CMNCs manage their international operations in DMs, particularly in relation to HRM practices and the pressures of localisation and standardisation, remains relatively limited (Cooke, Liu, Liu and Chen, 2019). While the theoretical and empirical evidence relating to the localisation and standardisation of HRM is mainly based on MNCs from DMs (e.g. Schuler, Dowling and De Cieri, 1993; Ferner and Edwards, 2004; Ahlvik and Björkman, 2015), the theoretical development of HRM in CMNCs has been described as extremely weak and inadequate (Siebers, Kamoche and Li, 2015; Budhwar, Tung, Varmac and Do, 2017; Cooke et al., 2019). In general terms, research into international human resource management (IHRM) practices has been criticised for inadequate contextualisation, a failure to take into account the complexity and dynamicity of the formation of the orientations of HRM practices, and the insufficient attention paid to the role of different actors in shaping subsidiaries' HRM practices.

In response to these theoretical and empirical limitations, this study combines an institutional logics perspective (Thornton and Ocasio, 1999) and resource dependence theory (Pfeffer and Salancik, 1977) to explore the following questions: To what extent are the orientations of HRM practices in CMNC subsidiaries in the UK, both Chinese origin and British origin, explained by the localisation and standardisation framework? And how do institutional actors and subsidiary social actors influence the orientations of HRM practices in CMNC subsidiaries in the UK when navigating institutional complexity caused by multiple institutional logics and dependency to gain legitimacy?

The research questions were answered with a multiple-case study design consisting of four CMNC subsidiaries operating in the UK. The findings of this research advance the conceptualisation of the IHRM localisation and standardisation framework by extending the framework to include local-centred hybridity and home-centred hybridity, which better explain the orientations of the HRM practices. It extends the localisation and standardisation perspective by illuminating and unpacking the dynamicity dimension. This is demonstrated by revealing and explaining the changes in institutional and social actors' responses to institutional complexity, the changes in levels of and approaches to control exercised by the actors, and also the sources of control they depend on to exercise control. Finally, it refines the role of interests in institutional logics and IHRM literature, demonstrating how interests are dynamic and extending the relationship between interests and dependency, which has led to an unpacking of the actors' sources of agency in influencing the orientations of the subsidiaries' HRM practices.

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LIST OF ABBREVIATIONS AND ACRONYMS

ACFTU	All-China Federation of Trade Unions
BRI	Belt and Road Initiative
BRIC	Brazil, Russia, India and China
CCP	Chinese Communist Party
CEO	Chief Executive Officer
CIPS	Chartered Institute of Procurement and Supply
CMNC	Chinese Multinational Corporation
CPD	Continuing Professional Development
DM	Developed Market
DMNC	Developed Markets Multinational Corporation
EM	Emerging Market
EMNC	Emerging Market Multinational Corporation
EU	European Union
FDI	Foreign Direct Investment
GDPR	General Data Protection Regulation
GTM	Grounded Theory Methodology
HKEX	Hong Kong Stock Exchange
HNC	Higher National Certificate
HND	Higher National Diploma
HOS	Home-Origin Subsidiaries
HQ	Headquarters
HRBP	Human Resource Business Partner
HRM	Human Resource Management
IHRM	International Human Resource Management

JV	Joint Ventures
LOS	Local-Origin Subsidiaries
MD	Managing Director
MNC	Multinational Corporation
NIEs	Newly Industrialised Economies
OEM	Original Equipment Manufacturing
OFDI	Outward Foreign Direct Investment
POE	Private-Owned Enterprise
R&D	Research and Development
SIHRM	Strategic International Human Resource Management
SOE	State-Owned Enterprise
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
US	United States
WTO	World Trade Organisation

For a list of definitions, see Appendix 1.

CHAPTER 1: INTRODUCTION

1.0. BACKGROUND OF THE STUDY

The last two decades have witnessed a rapid expansion of Chinese multinational corporations (CMNCs) into the global arena. This growth has reflected the opening up of the Chinese economy. China has embarked on a series of economic reforms since the 1970s. Ultimately, these reforms have played a pivotal role in global economic markets and have accelerated the internationalisation process of Chinese firms. China has thus become the second-largest source of foreign direct investment (FDI) for the first time (UNCTAD, 2017).

CMNCs are rapidly internationalising into developed markets (DMs) in order to secure advanced knowledge and acquire key management know-how (Child and Rodrigues, 2005; Zheng, Wei, Zhang and Yang, 2016). One of these key advanced destination economies is the UK. China's FDI into the UK increased dramatically from $35 million in 2006 to $4.7 billion in 2018, in spite of the UK's departure from the European Union (EU) (Hanemann, Huotari and Kratz, 2019). The UK is one of the most developed and internationalised economies and is, therefore, a recipient of a high level of global business. As a host country for MNCs, the UK offers many benefits, such as the extensive experience of international operations, access to research and development capabilities, advanced technology and advanced management practices (Ferner and Varul, 2000).

Despite these developments, the research remains relatively limited on how CMNCs manage their international operations, particularly concerning human resource management (HRM) practices, a very context-sensitive area of research (Cooke, Liu, Liu and Chen, 2019). More specifically, there is limited knowledge and research on how CMNCs manage a global workforce in terms of the standardisation and localisation orientations in the DM, such as the UK. Although HRM in CMNCs has attracted significant research interest since the early 1990s, research interest in HRM in CMNCs abroad has only appeared in recent years. Compared with MNCs from DM, CMNCs are relatively young, with many still in their early stages, and research in this area remains patchy and lags behind business development (Cooke et al., 2019). In response to these developments and limitations, this research aims to study how HRM practices are shaped in the CMNCs' subsidiaries in the UK in terms of localisation and standardisation pressure.

1.1. THEORETICAL BACKGROUND

International human resource management (IHRM) is one of a firm's main competitive advantages (Thite, 2015). IHRM in MNCs is defined as "understanding, researching, applying and revising all HR activities in their internal and external contexts as they impact the processes of managing human resources in organisations throughout the global environment to enhance the experience of multiple stakeholders" (Schuler and Tarique, 2007, p. 718). Much of the HRM literature focuses on organisational performance and competitiveness as if competitive pressure is the only form of pressure facing firms. However, MNCs also compete for institutional legitimacy (DiMaggio and

Powell, 1983). One of the main challenges facing MNCs to secure legitimacy when transferring and adopting HRM practices is how to balance the need for global standardisation and local responsiveness (Ferner and Varul, 2000; Chang, Mellahi and Wilkinson, 2009; Chung, Sparrow and Bozkurt, 2014). Standardisation refers to how a subsidiary's HRM practices are aligned with the parent company, while localisation refers to how a subsidiary's HRM practices adapt to its local environment (Ngo, Turban, Lau and Lui, 1998).

The localisation and standardisation framework has been used to study HRM practices and policies in MNCs (e.g. Ferner, 1997; Gamble, 2003; Rosenzweig, 2006; Almond, 2011; Festing and Sahakiants, 2013; Siebers, Kamoche and Li, 2015; Zhu and Jack, 2017). The framework has been further developed and extended by different scholars to include, for example, the hybridisation approach (Tayeb, 1998; Chung et al., 2014; Yahiaoui, 2015; Adams, Nyuur, Ellis and Debrah, 2017), optimisation (Sparrow, Brewster and Harris, 2004) and dominant effect (Pudelko and Harzing, 2007). These developments, particularly the hybridisation approach, have challenged the simplistic framework of standardisation versus localisation, and overcome the misleading black-and-white tendencies of this framework (Quintanilla and Ferner, 2003). However, other research indicates that IHRM practices have much more complex hybridisation patterns (e.g. Gamble, 2010; Edwards, Jalette and Tregaskis, 2012). Hence, the existing frameworks provide only a partial explanation.

Despite that, most research has centred around measuring the degree of localisation and standardisation of the overall subsidiaries' HRM practices (e.g.

Rosenzweig and Nohria, 1994; Smale, Björkman and Sumelius, 2013; Ouyang, Liu, Chen, Li and Qin, 2019). This approach is not comprehensive enough to explain the reality and complexity of the design of subsidiaries' HRM practices. With the rapid change in and increasing complexity of combining MNC HRM practices and local HRM practices, less emphasis should be placed on tendencies, and considerably more attention should be paid to how complicated the design of HRM practices' orientations are in particular situations and contexts. There is a necessity to carefully examine and analyse the orientation of each HRM practice closely and separately rather than generalising the whole HRM approach (Lu and Björkman, 1997; Björkman and Lu, 2001; Chung et al., 2014; Chung, 2018). Therefore, further investigation and critical examination are required to enhance our understanding and conceptualisation of these orientations and how they could develop a unique approach to subsidiaries' HRM practices that goes beyond the traditional global standardisation–localisation dichotomy and recent theoretical and empirical developments.

The theoretical and empirical evidence of the localisation and standardisation discussion is mainly based on MNCs from DMs (e.g. Schuler, Dowling and De Ceri, 1993; Tayeb, 1998; Ferner and Edwards, 2004; Ahlvik and Björkman, 2015). There is comparatively limited knowledge concerning HRM practices in emerging market (EM) MNCs such as the CMNCs (Fan, Zhu and Nyland, 2012; Zhang and Fan, 2014; Budhwar, Tung, Varmac and Do, 2017; Cooke et al., 2019). However, in the recent past, IHRM empirical studies started to consider CMNCs investing in DMs (Fan et al., 2012; Zhang and Fan, 2014), particularly

Australia (e.g. Fan et al., 2012; Fan, Zhang and Zhu, 2013; Zhang and Fan, 2014; Zhu and Jack, 2017; Zhao, Sheehan, De Cieri and Cooper, 2019; Zhu, 2019). There are also a number of empirical studies that have been conducted in the UK in the last two decades (e.g. Zhang, 2003; Shen, Edwards and Lee, 2005; Zhang and Edwards, 2007; Zhang, Edwards and Ma, 2014; Khan, Wood, Tarba, Rao-Nicholson and He, 2019). Yet these studies remain relatively inadequate compared to the significant role of CMNCs in the UK, and they tell us very little about the formation of HRM practices in CMNC subsidiaries.

Generally, the existing research on IHRM in CMNCs overlooks the complexity of the design of HRM practices in terms of localisation and standardisation orientations. It also tends to be limited to greenfield subsidiaries (e.g. Shen et al., 2005; Zhang and Edwards, 2007; Fan et al., 2013; Siebers et al., 2015). Although a few studies consider brownfield subsidiaries (e.g. Zhu, Zhu and De Cieri, 2014; Khan et al., 2019), the mode of the establishment has not been adequately examined in terms of the subsidiaries' embeddedness in a particular institution. Moreover, research on CMNCs tends to adopt Western IHRM frameworks (e.g. Shen et al., 2005). Yet such frameworks might not provide accurate and valuable insights into HRM practices in the Chinese context (Thite, Wilkinson and Shah, 2012; Siebers et al., 2015; Budhwar et al., 2017; Cooke et al., 2019).

A review of research on IHRM in CMNCs, theoretical and empirical studies of MNCs from DMs and EMs, and IHRM frameworks (e.g. Schuler et al., 1993; Rosenzweig and Nohria, 1994; Budhwar and Sparrow, 2002; Gamble, 2003; Farley, Hoenig and Yang, 2004; Chang, Wilkinson and Mellahi, 2007;

Chang et al., 2009; Cooke, 2012; Chang and Smale, 2014; Zhu et al., 2014; Geary, Aguzzoli and Lengler, 2017; Zhao et al., 2019) reveals three main limitations. First, there is a lack of contextualised research despite the calls by influential researchers to give further consideration to the role of context in management research (e.g. Schuler and Jackson, 2005; Tsui, 2007; Kim, Wright and Su, 2010; Child and Marinova, 2014). This is particularly important in management research and theorisation of the Asian context (e.g. Meyer, 2006; Tsui, 2009; Leung, 2012; Cooke, 2018). For this reason, the theoretical development of HRM in CMNCs has been described as extremely weak and inadequate (Siebers et al., 2015; Budhwar et al., 2017; Cooke et al., 2019). The unique elements, culture and norms of CMNCs that have not been well considered in previous research provide excellent opportunities to theoretically contribute to the standardisation and localisation of the subsidiaries' HRM practices.

Second, to date, IHRM researchers have paid relatively little attention to the role of different actors from different levels in shaping subsidiaries' HRM practices (Björkman, 2006; Björkman and Welch, 2015; Brewster, Mayrhofer and Smale, 2016). Actors in this research follow Scott's (1995) definition, in which he considers actors as the individual, the organisation and the society. Thus, it is crucial to examine the influence of different actors, both institutional-level and subsidiary social actors, in the CMNC subsidiaries' HRM practices in the UK, particularly in responding to standardisation and localisation pressures. The third limitation concerns the inadequate acknowledgement of the dynamic and contested nature of the localisation and standardisation orientations (Gamble and

Huang, 2009; Brewster et al., 2016; Zhu, 2019). This is problematic in research into MNCs from EMs due to the developing nature of their management practices (Zhu, 2019). The foregoing suggests that current research presents only a limited explanation of the formation of subsidiaries' HRM practices, especially in the context of CMNCs. Therefore, it was crucial to find a context-sensitive theory or theories to overcome the inadequate contextualisation and theorising of HRM in CMNCs and also to recognise the role of actors and unpack the dynamicity and complexity of the orientation of subsidiaries' HRM practices.

MNCs simultaneously face pressures from the home country and the host country to comply with their institutional requirements. Existing studies on IHRM have often drawn on institutional theory to explain the localisation and standardisation orientations (Björkman, 2006; Brewster, Wood and Brookes, 2008; Kostova, Roth and Dacin, 2008; Cooke et al., 2019). While this has been applied in IHRM literature (Björkman, 2006; Kamoche and Harvey, 2006; Chang et al., 2007; Kostova et al., 2008; Thite, Budhwar and Wilkinson, 2014; Zhu et al., 2014), particularly in relation to CMNCs, as observed by Xu and Meyer (2013) and Cooke et al. (2019), it has overwhelmingly focused on isomorphism (neo-institutional theory). It has been criticised for concentrating mainly on the national level (Quintanilla and Ferner, 2003) and neglecting actors and their agency in both the analytical and empirical literature (Abdelnour, Hasselbladh and Kallinikos, 2017; Lewis, Cardy and Huang, 2019). Given the current narrow comprehension of institutional theory in IHRM, the current application of institutional theory does not provide a sufficiently nuanced

understanding of how CMNCs manage their human resources in overseas subsidiaries with respect to localisation and standardisation pressure.

The institutional environment can differ radically between countries such as the UK and China, resulting in significant institutional complexity. Greenwood, Raynard, Kodeih, Micelotta and Lounsbury (2011, p. 318) refer to institutional complexity as the situation that occurs when organisations "confront incompatible prescriptions from multiple institutional logics". One of the strongest perspectives in realising institutional complexity is the institutional logics perspective. Institutional logics can help develop context-sensitive theorising and can be explored at any level of analysis (Gümüsay, Claus and Amis, 2020). This overcomes the theoretical limitations of the weak contextualisation and theorising of IHRM in CMNC research. Although the institutional logics perspective is considered one of the critical theoretical perspectives in management and organisational studies (Martin, Siebert and Robson, 2018; Tyskbo, 2021), surprisingly, it has not been adopted by IHRM scholars (Xiao and Cooke, 2020) except for Tyskbo (2021) who focuses on examining organisation-level logics.

The institutional logics perspective is defined as "the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality" (Thornton and Ocasio, 1999, p. 804). One of the core assumptions of institutional logics is that society is conceptualised as an inter-institutional system. In essence, a typology

of logics includes the state, corporations, professions, markets and community (Thornton, Ocasio and Lounsbury, 2012). These logics are represented and embedded in different actors and are associated with formal and informal mechanisms of control that influence the subsidiaries' HRM practices to gain legitimacy (Seo and Creed, 2002; Thornton and Ocasio, 2008). From a country-of-origin perspective, the MNC parent company (e.g. Ferner, Almond and Colling, 2005; Cooke and Lin, 2012) and the state (Chinese government) are considered to be critical "institutional actors". MNCs, the state and its agencies are key "institutional actors" in studies of the strategies and practices of MNCs (Cooke, Wang, Yao, Xiong, Zhang and Li, 2015). The role of the parent company and the Chinese state should be explained more fully, especially when studying HRM practices in CMNCs (Cooke and Lin, 2012). From a host-country perspective, institutional actors include the host-country state, represented in local employment law, which is among the most influential environmental pressures on subsidiaries' HRM practices (Schuler et al., 1993; Taylor, Beechler and Napier, 1996; Gamble, 2003; Chang et al., 2009).

MNC subsidiaries can be challenged with multiple prescriptions arising from incompatible institutional logic from home-country and host-country actors (Wright and Mcmahan, 1992; Kraatz and Block, 2008; Greenwood et al., 2011). The greater the distance, the greater the incompatibility and the more complex the transfer process of the practices (Caprar, Devinney, Kirkman and Caligiuri, 2015). Therefore, MNC subsidiaries face a contradiction between the practices of the country of origin or ownership (standardisation) and those from the host country (localisation). This incompatibility and contradiction are caused by the

embedded agency held by different actors. Institutional logics incorporates agency in the notion of embedded agency, in which "the interests, identities, values, and assumptions of individuals and organizations are embedded within prevailing institutional logics" (Thornton and Ocasio, 1999, p. 103). Seo and Creed (2002) argue that logic contradiction can foster the embedded agency of the social actors to introduce changes in the subsidiaries.

Exploring the influence of the subsidiary social actors is an essential research area for HRM (Wright and Ulrich, 2017). It involves shifting the focus from the structures to the role and influence of individuals (Kostova, Marano and Tallman, 2016). Actors show agency in interpreting institutional logics (Zilber, 2002; McPherson and Sauder, 2013; Zilber, 2013). Their agency and influence are motivated by the interest of the prevailing institutional logics in which they are embedded. Their agency and influence on HRM practices could differ between British-acquired subsidiaries or Chinese-origin subsidiaries due to their embeddedness in a particular environment. Therefore, this research factors in and theorises the mode of establishment through the institutional logics perspective to address the orientations of HRM practices from a perspective that emphasises the agency of individual social actors. As they carry logics, social actors such as local and expatriate managers, HR managers and employees can work towards localising and standardising the subsidiaries' HRM practices.

Although institutional theory suggests that the subsidiary's practices are influenced by the degree to which they are embedded in the local environment (DiMaggio and Powell, 1993), the localisation and standardisation of HRM

practices are strongly influenced by subsidiaries' level of dependency on the parent company for resources (Rosenzweig and Nohria, 1994; Hannon, Huang and Jaw, 1995; Chiang, Lemański and Birtch, 2017). Resource dependence theory implies that the more the subsidiary is dependent on its HQ for resources, the stronger the latter's control on the subsidiary (Chiang et al., 2017). Control is understood as a process of exercising power or authority that brings about adherence to a goal or interest (Etzioni, 1965). Both institutional theory and resource dependence theory imply that organisations work towards gaining legitimacy (Pfeffer and Salancik, 1978; DiMaggio and Powell, 1983; Oliver, 1991) and assume that organisations are driven by interest (Hinings and Greenwood, 1988). While resource dependence theory is based on the basic notion of power in relationships, the source of agency, particularly sources of power in the institutional logics, is still not well recognised, and the institutional logics perspective is not capable of strong theorising (Lawrence, 2008; Munir, 2015; Rego and Steger, 2019). Therefore, resource dependence theory can complement institutional perspectives by incorporating power as sources of agency formed by resource dependency (Casciaro and Piskorski, 2005).

A number of scholars have suggested combining institutional theory with a power and interest perspective such as resource dependence theory to expand on the understanding of how and when subsidiary actors use different resources to challenge the adoption of some parent companies' HRM practices in the subsidiaries (Tregaskis, 2003; Ferner et al., 2005). This research therefore combines the main theory of the research, institutional logics, with resource dependency theory to understand and better conceptualise the orientations of the

overseas subsidiaries' HRM practices. First, it will supplement existing knowledge of how actors manage and respond to the institutional complexity caused by multiple institutional logics and the mechanisms of control they use. Second, it will extend this by explaining why actors respond the way they do by considering their level of dependency on other actors, in other words, the sources of power/agency they hold.

Hence, actors need to carefully respond when navigating institutional complexity and the pressure caused by multiple institutional logics and dependency to gain legitimacy (Vermeulen and Zietsma, Greenwood and Langley, 2016). Some scholars have suggested different responses to institutional complexity (e.g. Kraatz and Block, 2008; Pache and Santos, 2010; Greenwood et al., 2011; Smets, Jarzabkowski, Burke and Spee, 2015). However, one of the most influential works on organisational responses to institutional pressures is Oliver (1991), which combines neo-institutional theory (isomorphism) with resource dependence and suggests that a firm's dependence on actors for resources influences its decision to become isomorphic. She suggests that firms do not always acquiesce when faced with institutional complexity. However, they try to compromise, use avoidance tactics, find ways to manipulate sources of demands or ignore or defy institutional pressure. Although Oliver's (1991) framework helps identify different forms of response and has been adopted by researchers to investigate the response of parent companies and subsidiaries to institutional duality (e.g. Kostova and Roth, 2002; Ferner et al., 2005; Tempel, Edwards, Ferner, Muller-Camen and Wächter, 2006), it needs further explanation and elaboration to establish under what

conditions and in what situations actors will adopt these forms of response, and this can be achieved by not depending only on neo-institutionalism (isomorphism), but by extending that with an institutional logics perspective.

In sum, actors' responses are influenced by resource dependence (i.e. actors who hold sources of control/power), which influences the level of control exercised by the subsidiaries and parent companies. Also, actors' responses are influenced by institutional logics embeddedness in which actors can use the logics' formal and informal forms and mechanisms of control over the subsidiaries and parent companies. Therefore, by their control influence, both institutional logics and dependency can shape the actors' responses to institutional complexity in order for actors to achieve their interests and gain legitimacy. Consequently, their responses influence HRM practices' orientations.

There is a lack of IHRM research examining and unpacking the complexity of actors' responses and their influence on the localisation and standardisation of subsidiaries' HRM practices. It is therefore essential to develop a more dynamic understanding of how actors interpret multiple logics and dependency and experience institutional complexity, as well as their influence on HRM practices' orientations.

1.2. RESEARCH AIM AND QUESTIONS

This thesis aims to extend the existing literature and widen the limited knowledge of how HRM practices are shaped in CMNC subsidiaries in the DM, such as the UK, regarding standardisation and localisation orientations. This area remains underdeveloped to date, with fragmented explanations, and requires rigorous empirical studies to follow the continually changing environments of the institution and subsidiaries. This aim is achieved through several objectives. First, the understanding and conceptualisations of the localisation and standardisation orientations of subsidiaries' HRM practices will be enhanced beyond the traditional global standardisation–localisation dichotomy. With this aim, the thesis builds context-sensitive research and offers a close analysis of each HRM practice to help understand the inherent nuances and complexity of its orientation. Four HRM practices are examined in this research: recruitment and selection, training and development, performance appraisal, and compensations and benefits. These practices were selected to maintain consistency with prior studies of IHRM settings, particularly CMNC research (e.g. Shen et al., 2005; Zhang and Edwards, 2007; Yang and Lin, 2019), and due to their sensitivity to the China context. The first objective will be achieved by answering the following question:

> **Q1:** To what extent are the orientations of the HRM practices in CMNC subsidiaries in the UK, both Chinese origin and British origin, explained by the localisation and standardisation framework?

The second objective seeks to explore and explain the dynamic dimension of the orientations of the subsidiaries' HRM practices by investigating the role and influence of actors from a different level in shaping the subsidiaries' HRM practices. It also aims to explain how actors respond to institutional complexity and identifies the control mechanism which actors use to influence subsidiaries' HRM practices and have more control over them while navigating multiple institutional logics and dependency to gain legitimacy. Finally, it seeks to explore in detail the drivers of their choices of responses and control mechanisms.

The second objective will be achieved by answering the following question:

> **Q2**: How do institutional actors and subsidiary social actors influence the orientations of HRM practices in CMNC subsidiaries in the UK when navigating institutional complexity caused by multiple institutional logics and dependency to gain legitimacy?

To explore the second research question, three subquestions have been developed:

a. What forms of response to institutional complexity do institutional actors and subsidiary social actors adopt and why?
b. What mechanisms of control, associated with their forms of response, do actors exert to influence the HRM practices' orientations?

c. What are the institutional actors and subsidiary social actors' sources of control and sources of agency that they use to influence the orientations of the subsidiaries' HRM practices?

This research answers these research questions with a multiple-case study design consisting of four CMNC subsidiaries operating in the UK (ManuCo 1, ManuCo 2, TeleCo 1 and TeleCo 2). Semi-structured interviews were conducted with 48 participants, including senior managers, both local and expatriates, HR managers and non-managerial employees, both local and expatriates. This research uses a thematic analysis strategy (Braun and Clark, 2006; Clarke and Braun, 2018) combined with Charmaz's constructivist grounded theory coding approach (Bryant and Charmaz, 2019) and Eisenhardt's (1989) within-case and cross-case analysis approach.

1.3. RESEARCH CONTRIBUTIONS

Building upon the localisation and standardisation perspective (Pudelko and Harzing, 2007; Almond, 2011; Chung et al., 2014; Farndale, Raghuram, Gully, Liu, Phillips and Vidović, 2017) and institutional logics (Friedland and Alford, 1991; Thornton and Ocasio, 1999) complemented with resource dependence theory (Pfeffer and Salancik, 1978) the thesis makes a number of theoretical and empirical contributions.

First, theoretically, the research advances the conceptualisation of the IHRM localisation and standardisation framework. It extends the localisation and

standardisation perspective by revealing different degrees and forms of the hybridisation approach. It achieves this by positing two centric hybridity forms: local-centred hybridity and home-centred hybridity. These forms explain the extent of the influence of the home-country and host-country logics on the localisation and standardisation of the subsidiaries' HRM practices. This advances the localisation and standardisation perspective, including Pudelko and Harzing's (2007, 2008) theoretical perspective of the MNCs' golden triangle. Theoretically and practically, it offers a more comprehensive and thorough solution to the standardisation versus localisation debate of HRM because it also identifies and explains the mechanism by which these forms were shaped.

Second, it extends the localisation and standardisation perspective by revealing and unpacking the dynamicity dimension based on two main findings. First, the changes and dynamism of actors' responses to institutional complexity; for example, parent companies' responses changed from acquiescence to manipulation, and the social actors' responses and roles changed from rejecters to adopters. Second, it extends and elaborates on Oliver's (1991) responses to institutional pressure by understanding and explaining why and when the parent companies and social actors adopt different forms of response and mechanisms of control. Previous research (e.g. Kostova and Roth, 2002; Ferner et al., 2005) has drawn on Oliver's (1991) work. However, the change in and the dynamicity of the responses have not been sufficiently explored. Also, the dynamicity and the complexity of the HRM orientation cannot be explained without combining institutional logics with resource dependence theory. This advances our

understanding of institutional logics and is necessary to explain the localisation and standardisation variations within and across the cases.

Third, the research refines the role of interest in institutional logics and IHRM literature. It demonstrates how interest is dynamic (i.e. over time, actors' interests and the prioritisation of their interests change) and how it is driven and conditioned by resource dependence, in other words, by the actors who hold the sources of power. This contributes to extending and refining the relationship between interest and dependency to "interest-oriented dependency". It extends what drives the actor's interpretation of multiple logics by not limiting their interpretation to logic embeddedness or logic appropriateness, but by "logic dependency" as termed in this research, and a "chain of logic dependency", a top-down and bottom-up dependency influence. This extends the contingency dimension of institutional logics. Moreover, the research elaborates and extends resource dependence theory in IHRM research into local-centric interdependency, when local logic and localisation are more dominant, and home-centric interdependency, when the home logic and standardisation are more dominant.

Fourth, the thesis contributes to unpacking actors' sources of agency and extends this in institutional logics analysis, which has been neglected in both the institutional analytical and empirical literature (Abdelnour et al., 2017). Interest driven by logic embeddedness and interest driven by dependency are both sources of actors' interpretations of institutional complexity, which determine how they respond. This research refines institutional logic by emphasising the

dynamics of interest and dependency (power), which consistently change the rules of the game, and the dominance of logics and actors. Therefore, it addresses MNCs' interests and sources of power, particularly in IHRM, which have hardly been addressed and have not been sufficiently explored by institutionalist authors (Lawrence, 2008; Rego and Steger, 2019; Munir, 2020; Geary and Nyiawung, 2021).

Fifth, it unpacks the notion of context in a less researched context (Brewster et al., 2016; Cooke, 2018) and overcomes the lack of contextualisation and weak theorising of HRM in CMNCs (Cooke, 2009; Thite et al., 2012; Jenkins and Delbridge, 2013; Siebers et al., 2015; Zheng, 2013; Brewster et al., 2016; Budhwar et al., 2017). In terms of context, it advances the role of social relations (interpersonal *guanxi*) in influencing options for HRM practices. It acknowledges the strong political ideology embedded in HRM practices and contributes to explaining the political influence of the Chinese state and its communist values in the subsidiaries' HRM practices. This dimension has been largely ignored in the IHRM literature (Budhwar and Debrah, 2001; Wang and Wang, 2006; Mellahi, 2007; Cooke and Lin, 2012; Wilkinson, Wood and Mehmet, 2014), particularly in the EM MNC (EMNCs) context (Luo and Zhang, 2016).

Finally, this research contributes empirically to extend and enhance the limited prior knowledge and gain a better understanding of HRM practices in MNC subsidiaries from EMs operating in the DM, mainly CMNC subsidiaries in the UK. It adds new insights to current research and challenges some dominant

assumptions. This research deepens our understanding of the orientations of subsidiaries' HRM practices by responding to calls for research that integrates and investigates the key actors from various levels (Cooke and Lin, 2012; Geppert and Dörrenbächer, 2014; Kostova and Hoenen, 2015; Björkman and Welch, 2015; Brewster et al., 2016; Budhwar et al., 2017). The thesis gives voice to multiple subsidiary actors by incorporating a non-managerial view to advance knowledge.

Therefore, this research does justice to the empirical and theoretical findings and dominant assumptions of standardisation and localisation perspectives and advances and refines the institutional theory implications in IHRM research.

1.4. THESIS OVERVIEW AND STRUCTURE

This thesis is organised into eight chapters. Chapter 2 locates the study in the current literature. It examines and analyses the theoretical background and provides a review of the literature in IHRM within the context of MNCs and with a particular focus on the Chinese context. It proceeds as follows: the first section provides a background to the CMNC research context and highlights its significance and the development of its HRM practices. The second section discusses the theoretical lens underpinning this research. It provides a critical review and analysis of the theoretical and empirical background and development in the literature of the standardisation and localisation of HRM in MNCs, focusing on the Chinese context. These reviews discuss the current limited understanding of the complexity of the orientation of HRM practices and the dominant assumptions, and frame the theoretical and empirical gaps. Finally,

the chapter argues in favour of adopting institutional logics (Thornton and Ocasio, 1999) complemented with resource dependence theory (Pfeffer and Salancik, 1978) while considering an actor-focused approach to gain more insights into the orientations of the HRM practices of CMNCs operating in the UK.

Chapter 3 outlines the methodology and the rationale behind it. It discusses the research paradigms, the research approach and strategy and their role in understanding and developing knowledge. Attention then turns to a discussion of the research design (i.e. multiple-case studies) and methods chosen (i.e. semi-structured interview) and elaborates in detail on the data collection and analysis processes. Other methodological issues are addressed, including quality criteria, ethical considerations and methodological limitations.

The findings are divided into three chapters. Chapter 4 gives the background for the case subsidiaries, the history of subsidiaries and their parent companies and the motives for their investment in the UK. The second section is a cross-case analysis, and it starts by comparing the employees' representation in each case, emphasising their representation in the HR department. The chapter then analyses and compares four HRM practices of the four cases by offering an in-depth description of what elements of each practice are localised versus standardised, and the similarities and differences between the cases.

Chapter 5 presents the findings of the localisation of the subsidiaries' HRM practices. This includes identifying and analysing the influence of both host

country and home country, and of the subsidiaries' social actors in the localisation of the subsidiaries' HRM practices. The analysis focuses on how parent companies and social actors respond to and manage institutional pressure. It explains the mechanisms and sources of control the subsidiaries' social actors use that decrease the parent companies' control and increase the localisation of the subsidiaries' HRM practices.

In contrast, Chapter 6 presents the findings of the standardisation of subsidiaries' HRM practices. The analysis focuses on how parent companies and social actors respond to and manage institutional pressure, particularly when parent companies feel they are starting to lose control and are not meeting their interests. It explains the mechanisms and sources of control the parent companies use that increase their control over the subsidiaries and increase the standardisation of the subsidiaries' HRM practices.

Chapter 7 brings together the findings outlined in the three findings chapters concerning the localisation and standardisation of the HRM practices in CMNC subsidiaries in the UK. It discusses the findings and their implication for theory and links the findings back to the literature. It uses the institutional logics lens, localisation and standardisation perspective and resource dependence theory. This chapter is organised into two main sections. The first section discusses the centric hybridity forms of HRM practices' orientations. Then the second section discusses the dynamicity of HRM practices' orientations.

Finally, Chapter 8 pulls together the study findings and summarises the theoretical and empirical contributions of the thesis. It demonstrates how it

deepens, refines, extends and challenges existing theories and conclusions concerning the IHRM localisation and standardisation perspective and institutional theory. The chapter ends with practical implications, some limitations of the research and possible directions for future research.

CHAPTER 2: THEORETICAL FRAMEWORK AND LITERATURE REVIEW

2.0. INTRODUCTION

One of the most significant shifts in the global business environment is the speed of the economic development of EMs as they undergo a significant change in the international economic scene (Thite, 2015; Luo and Zhang, 2016). In the last decade, the contribution of EMNCs in the international flows of FDI increased dramatically and accounted for approximately one-third of outward FDI (OFDI) in the whole world (UNCTAD, 2015). As the profile of EMs increases, so will their influence. FDI from China, the key BRIC (Brazil, Russia, India and China) economy, is expected to continue to expand with MNCs as its key driver (Cooke et al., 2019). The growing importance of Chinese FDI has generated rapidly increasing research interest in their MNC strategies. Although CMNCs may not lack strategic goals and resources, they may lack HRM approaches to fully develop their employees' capabilities in their foreign subsidiaries (Fan et al., 2013; Zhu, 2019). HRM practices in MNCs have a key role in managing and controlling MNCs' capability (Festing and Eidems, 2011; Edwards, Tregaskis and Mcdonnell, 2020). Without a good approach to the management of human resources in their overseas subsidiaries, it may be difficult to overcome their weaknesses concerning a lack of experienced expatriates and a lack of international experience (Fan et al., 2013; Wang, Freeman and Zhu, 2013). This requires researching how CMNCs manage their HRM practices in foreign subsidiaries concerning the institutional environment pressure from home and host countries (Cooke et al., 2019).

The tension between the standardisation of HRM practices in subsidiaries to adapt to home-country institutional environments and parent-company practices and the pressure to localise them to conform to host-country institutional environments is one of the main themes in the IHRM research (Pudelko and Harzing, 2007; Brewster et al., 2008; Chung et al., 2014; Fan, Xia, Zhang, Zhu and Li, 2016; Cooke et al., 2019). This pressure has been explored in the Chinese context by scholars researching foreign MNCs in China (Goodall and Warner, 1997; Lu and Björkman, 1997; Gamble, 2003; Siebers et al., 2015; Murray and Fu, 2016). However, how Chinese MNCs manage their subsidiaries' HRM practices in their DMs, such as the UK, is neither sufficiently investigated nor empirically and theoretically well developed and established.

To address this shortcoming, this chapter is organised into two main sections. The first section provides a background to the CMNC research context, highlights its significance and discusses the development of CMNC HRM practices. The second section discusses the theoretical lens underpinning this research. It provides a critical review and analysis of the theoretical and empirical background and development in the literature of the standardisation and localisation of HRM in MNCs, focusing on the Chinese context. These reviews discuss the current limited understanding of the complexity of the orientations of HRM practices and the dominant assumptions, and frame the theoretical and empirical gaps. Finally, the chapter argues in favour of adopting institutional logics (Thornton and Ocasio, 1999) complemented with resource dependence theory (Pfeffer and Salancik, 1978) while considering an actor-focused approach. These theoretical lenses provide a broader perspective to

understand and gain more insights into the orientations of the HRM practices of CMNCs operating in the UK.

2.1. RESEARCH CONTEXT: BACKGROUND OF CHINESE MNCs AND THE DEVELOPMENT OF THEIR HRM PRACTICES

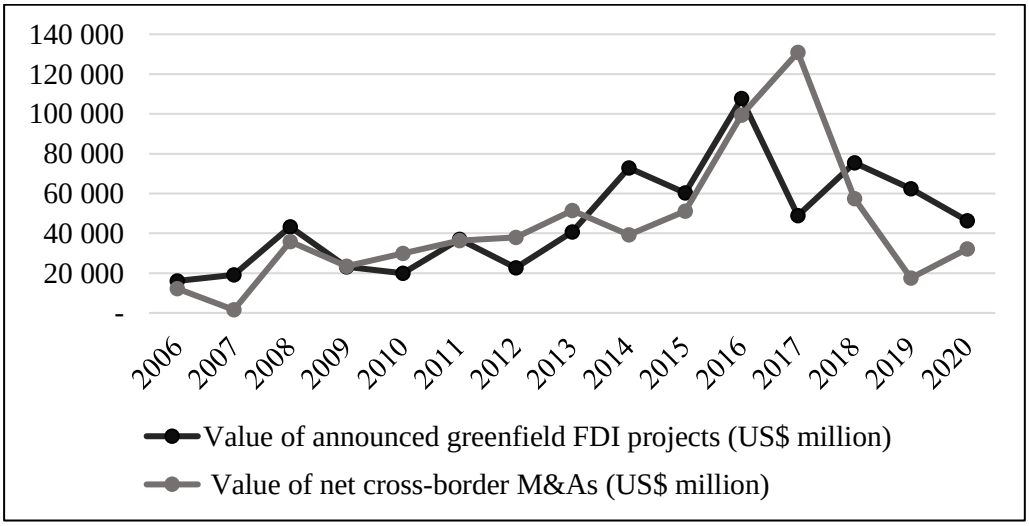
The last two decades have witnessed a rapid expansion of CMNCs into the global arena. This growth has mirrored the swift opening up of the Chinese economy. While remaining politically centralised (Chen, 2018), China has embarked on a series of economic reforms since the 1970s.

Chinese reforms commenced when the Chinese government established the Open Door and Four Modernisations policies in 1978. These policies were the first steps in modifying the command economy and shifting towards a more market-based economy (Warner, 1995; Shen and Edwards, 2004). In the Open Door phase, for the first time, China included inward FDI in its national economic development programmes and allowed foreign investment into China. From 1991, the government liberalised the economy further. It started to give permits to large state-owned enterprises (SOEs) and provincial trading houses to operate and invest overseas directly, which helped enhance the competitiveness of these SOEs in the international markets (Luo, Zhou and Liu, 2005). In the beginning, much of the outward FDI projects went to developing economies, mostly in Southeast Asia. However, with time, the Open Door policy's strategic drives have grown and matured, seeking opportunities in other markets. With the launch of the Go Global policy in 2000, strong Chinese firms started to invest

more abroad and build an international presence (Cooke, Wang and Wang, 2017).

In 2001, after China joined the World Trade Organisation (WTO), the internationalisation of Chinese firms accelerated, and since then, the presence of Chinese firms operating and competing in the international market has increased rapidly (Fan et al., 2013). More recently, China announced the Belt and Road Initiative (BRI), which aims to promote cooperation between China and other Asian, African and European countries through infrastructure and institutional linkages. It is considered China's most ambitious international economic policy to date (Zhai, 2018). Ultimately, these reforms have played a pivotal role in global economic markets and have accelerated the internationalisation process of Chinese firms through greenfield investments and cross-border mergers and acquisitions (M&As), as presented in Figure 2.1. China has thus become the second-largest source of FDI for the first time in 2016 and the largest economy in 2020 (UNCTAD, 2021), as presented in Table 2.1.

Figure 2.1: Value of Announced Chinese Greenfield FDI Projects and Net Cross-border M&As (US$ Million)



Source: UCTAS STAT (https://unctadstat.unctad.org)

Table 2.1: China's Annual FDI Flows and Stock (US$ Million)

Year	FDI			Stock		
	Outflow	Global Rank	Inflow	Outflow	Global Rank	Inflow
2020	132 94	1	149 34	2 351 80	3	1 918 83
2019	136 91	3	141 23	2 198 89	2	1 769 49
2018	143 04	2	138 31	1 982 27	2	1 628 25
2017	158 29	3	136 32	1 809 04	5	1 489 96
2016	196 15	2	133 71	1 357 39	6	1 353 64
2015	145 67	4	135 58	1 097 86	10	1 219 93
2014	123 12	4	128 50	882 64	10	1 084 35
2013	107 84	3	123 91	660 48	10	955 86
2012	87 80	3	121 07	531 94	12	831 94
2011	74 65	6	123 99	424 78	14	710 87
2010	68 81	5	114 73	317 21	19	586 88
2009	56 53	7	94 07	245 76	19	472 12
2008	55 91	11	108 31	183 97	18	378 08
2007	26 51	19	83 52	117 91	25	327 09
2006	17 63	19	72 72	90 63	26	292 56

Source: UCTAS STAT (https://unctadstat.unctad.org)

CMNCs are rapidly internationalising into DMs in order to secure advanced knowledge and acquire key management know-how. The UK is one of these key destination economies. China's FDI into the UK increased dramatically from $35 million in 2006 to $4.7 billion in 2018, despite the UK's departure from the EU (Hanemann et al., 2019). The UK is one of the most developed and internationalised economies and is, therefore, a recipient of a high level of global business. As a host country for MNCs, the UK offers many benefits, such as the extensive experience of international operations, access to research and development capabilities, advanced technology and advanced management practices (Ferner and Varul, 2000). For these reasons, the Chinese government has positioned the UK as one of the most desirable economic partners in the West. Equally, due to the significance of the Chinese economy, the UK government has sought to position China as a desirable economic partner. For

example, in 2008, the Labour government established the UK-China Economic and Financial Dialogue, an annual meeting aimed at facilitating bilateral trade and investment. In 2015, the British government indicated a new phase of relations with China, called the "Golden Era", with agreements to collaborate more in areas such as financial services, trade and investment. The mutual commitment to intensify the partnership has resulted in many leading CMNCs such as Huawei, ZTE and Bank of China establishing subsidiaries in the UK and others, such as China Telecom, China Unicom and SF Express, settling their European HQs in the UK. Part of this investment has been in the form of acquiring British firms, and a recent example is the purchase of British Steel by China's Jingye in 2020. The various China-UK initiatives and the surge in the investment figures make the UK a prime context for researching CMNC strategies.

This rise of CMNCs, along with the state economic reforms, have contributed to the advancement of domestic management practices in Chinese firms, mainly the management of people. From 1949 to the late 1970s, the main feature of people management was strong state control. Government departments were responsible for HRM decisions, and HRM was not a critical matter for firms (Cooke and Budhwar, 2015; Zhu, 2019). Consequently, firms had minimal scope to develop HRM policies and practices. The dominant approach was the traditional personnel management model. This model was characterised by the "iron rice bowl", which was strictly connected with the cradle-to-grave welfare system, guaranteed jobs for life, a low level of labour movement, and state-controlled recruitment and promotion of employees in the industrial SOEs

(Walder, 1986; Warner, 2004; Warner, 2008; Zhu, 2019). Training was firmly controlled as it was considered a cost, while career planning was seemingly non-existent, and finally, employee performance was assessed according to the criteria of "virtue (de), ability (neng), diligence (qing) and actual performance (ji)" (Zhu, 2019, p. 2171).

This approach came to be associated with inefficiency and unsustainable costs, and therefore an impediment to the use of workforce skills and abilities in competitive business practices (Shen and Edwards, 2004). Over the years, firms have begun to reform personnel management approaches by introducing a new culture that was initially tied to such values as individualism and punctuality in the development of management practices (Xi, 2017). Since the 1990s, state organs such as the Ministry of Labour and the All-China Federation of Trade Unions (ACFTU) have been actively involved in promulgating the Labour Law of 1994, the purpose of which was to streamline the legal framework for people management practices (Ding, Goodall and Warner, 2000).

With the reforms of the employment system, HRM terminology started to appear in modern China, and more autonomy in the management of people was given to firms with less involvement of the state (Cooke and Budhwar, 2015). Some changes were introduced, such as the use of fixed-term employment contracts, performance appraisals, rewards systems and so forth (Ding and Warner, 2001). The adoption of modern HRM practices continued throughout the late 1990s and into the early 2000s, mostly in large Chinese firms, and was particularly marked following China's accession to the WTO in 2001 and the launch of the Go Global

policy. Thus, for CMNCs to compete against foreign firms with more progressive HRM practices, they have had to adapt and emulate their foreign rivals. FDI in China, such as joint ventures (JV) and original equipment manufacturing (OEM), has also helped diffuse modern management practices within the domestic market. As a result, since China introduced market socialism changes, Chinese firms have learned to adopt and customise Western HRM models to better fit the Chinese context (Cooke, 2014). However, the implementation of Western HRM practices differs among organisations according to size and ownership form (Ngo, Lau and Foley, 2008; Zhu, 2019). Moreover, the Chinese firm still follows a long-established HRM approach that aims at managing everyday activities instead of developing employees' capabilities (Warner, 2008). The Chinese firm remains subject to influences such as deeply entrenched attitudes and cultural values. There have also been challenges in adapting to rapid changes and management styles. These influences and challenges have resulted in a slower pace of modernisation for organisations that are anxious to make their mark in the global arena.

Therefore, significant differences still exist between Chinese and foreign firms. Despite the transfer from the "iron rice bowl" model to a new post-reform model (Braun and Warner, 2002) presented in Table 2.2, several researchers have noted that the Chinese economy form is still very different from Western economy forms and that transferring Chinese HRM practices to other countries, such as the UK, would be very challenging (Zhang, 2003; Budhwar, 2012).

The transfer, diffusion and management of HRM practices in MNCs have been studied by several IHRM researchers over the last two decades (Tayeb, 1998; Edwards, Colling and Ferner, 2007; Chang et al., 2009; Festing, Knappert, Dowling and Engle, 2012; Cooke and Lin, 2012; Chung et al., 2014; Yahiaoui, 2015; Adams et al., 2017; Chiang et al., 2017; Chung, 2018). There have been many theoretical and empirical developments in the IHRM literature relating to MNCs. The following section offers a review of these developments while focusing on the development of the context of the research, CMNCs.

Table 2.2: The "Iron Rice Bowl" Employment Model and its Successor (Braun and Warner, 2002)

Pre-reform model	Post-reform model
State ownership	Diffused ownership
Resource-constrained	Market-driven
Technical criteria	Allocative efficiency
Economic cadres	Professional managers
"Iron rice-bowl"	Labour market
Jobs for life	Employment contracts
Work assignment	Job choice
Personnel administration	Human resource management
Egalitarian pay and perks	Performance-related rewards
Enterprise-based training	Outside courses
Company flats	Rented housing market
In-house social services	External social provision
Free medical care	Contributory medical insurance
Central trade union role	Weaker union influence
High institutional dependency	Low institutional dependency

2.2. THEORETICAL BACKGROUND AND FRAMEWORK

More than 30 years ago, Laurent (1986) described IHRM as being in its infancy. There is no doubt that IHRM research has developed considerably, both empirically and theoretically (Björkman and Welch, 2015; Pudelko et al., 2015). Researchers have observed the enormous growth in the number and range of studies undertaken in this area (Björkman and Stahl, 2006; Lazarova, 2006; Schuler and Tarique, 2007).

From the early 1990s, scholars proposed and developed integrative strategic IHRM (SIHRM) frameworks by embracing a number of national contextual factors, industrial factors and internal and external factors (e.g. Milliman, Glinow and Nathan, 1991; Schuler et al., 1993; Taylor et al., 1996; De Cieri and Dowling, 1999). For example, Milliman et al. (1991) use a congruence/fit theory and develop a congruence model for IHRM. They suggest that appropriate control and coordination between HQ and overseas subsidiaries can be ensured when the management implement SIHRM with a "fit and flexibility" mindset. Schuler et al. (1993) introduce an integrative conceptual framework of SIHRM. The researchers show that the exogenous factors of MNC (the characteristics of industry and country) and endogenous factors (HQ international operations, international operations structure, HQ strategy, and international operations management experience) influence SIHRM policies and practices. They suggest that a major issue is the pressure of global integration and local responsiveness (Doz and Prahalad, 1991; Rosenzweig and Nohria, 1994). The framework has been described as a suitable kit that considers both the international and strategic elements of HRM (Kamoche, 1996; Taylor et al., 1996; Shen et al., 2005).

In a significant advancement in this area, Taylor et al. (1996) formed a theoretical framework of the SIHRM systems' determinants in MNCs and the similarities of IHRM systems to their overseas subsidiaries. The model is drawn on ideas from resource dependence theory, a resource-based view, and Perlmutter's (1969) approaches to management control of subsidiaries (i.e. ethnocentric, polycentric, geocentric, regiocentric). The researchers recognise the significance of the endogenous factors determined by Schuler et al. (1993), specifically HQ strategy, organisational structure, the firm's international experience and HQ's international operations. They indicate the importance of supplementary endogenous factors, such as organisational life-cycle. The authors also indicate that the beliefs and values of the firm's top management team are expected to determine the SIHRM orientations. De Cieri and Dowling (1999) further develop Schuler et al.'s (1993) framework by underscoring the theoretical foundation underpinning the framework, including a resource-based view (Penrose, 1959), resource dependence theory (Pfeffer and Cohen, 1984), institutional theory (Meyer and Rowan, 1977), transaction cost theory (Williamson, 1981) and strategic choice theory (Child, 1972).

While these frameworks provide valuable and useful steps in the development of IHRM in MNCs, they still do not adequately consider cross-national HRM differences (Budhwar and Sparrow, 2002), particularly when studying countries that are very different culturally and institutionally. Emphasising the need to capture the national differences and understand HRM in context, Welch (1994) suggests a framework for determining the approaches and activities of IHRM. The model is developed on the basis of four case studies of Australian companies

and specifies three sets of variables: firm-specific variables, situational variables and contextual variables such as cultural distance between the subsidiaries' host countries and the parent company's country. Jackson and Schuler (1995) suggest an integrative IHRM framework. They propose that the impact of internal contextual factors (life-cycle stage, business strategy, technology, structure and size) and external contextual factors (legal, social and political environments, unionisation, labour market conditions, industry characteristics and national cultures) on HRM should be taken into consideration. Moreover, Budhwar and Sparrow (2002) develop an integrated IHRM framework. This outlines the key unique aspects of national factors, contingent variables and organisational and HR strategies and policies.

Interestingly, most developed integrative HRM frameworks are Western-based. In such dynamic business environments, the appropriateness of lessons learnt from the Western experience is brought into question, mainly when considering them in different context settings. These frameworks have been criticised for their inapplicability for EMNCs (Thite et al., 2012; Zheng, 2013; Budhwar et al., 2017). Therefore, scholars emphasise the necessity to develop different models that can recognise and incorporate indigenous HRM policies and practices when studying HRM in EMNCs (Jackson, 2001; Budhwar and Debrah, 2009; Meyer, 2006; Thite et al., 2012; Zheng, 2013). As a result, IHRM researchers have started to develop frameworks considering different contexts in EMNCs (e.g. Thite et al., 2012; Zheng, 2013; Budhwar, Varma and Patel, 2016).

Thite et al. (2012) propose a conceptual framework of IHRM strategies and practices in EMNCs across their subsidiaries in both DM and EM MNCs. The framework consists of influencing factors, both external (such as home and host countries and industry-specific factors) and internal (such as strategic framework, organisational culture/leadership, the significance of subsidiaries to MNCs' bottom line and strategy). Zheng (2013) develops a conceptual framework of SIHRM for EMNCs. The proposed framework mainly focuses on the national and international institutional arrangements and the international market environment as key drivers for MNCs' internationalisation. These drivers influence how EMNCs shape and apply their IHRM policy and practice. Finally, Budhwar et al. (2016) develop an integrated IHRM framework for the Asia-Pacific region. The framework considers cross-national factors and offers context-specific HRM analysis. The framework suggests a three-level analysis with three levels of determinants of HRM: macro, meso and micro.

All these frameworks, both Western and EM, have made important progress in the study of HRM practices in MNCs; however, they remain inadequate. First, the frameworks offer several theoretical propositions that require testing, and a very complex set of variables that are difficult to test empirically. Moreover, the frameworks tend to be broad and, to some extent, unspecified (De Cieri and Dowling, 2006). Second, although these frameworks highlight multiple factors at different levels that could influence HRM practices, they provide a mainly static explanation, particularly the Western models. Therefore they have been adopted more in quantitative studies (Welch and Björkman, 2014). However, the field of IHRM in EMs, as many scholars have indicated, is still an unexplored

or under-researched area and lacks theoretical understanding (Zhang, 2003; Shen et al., 2005; Chang et al., 2009; Fan et al., 2012; Zhu et al., 2014; Thite et al., 2014; Cooke, Schuler and Varma, 2020). For example, given the short history of CMNCs' internationalisation, it is hard to adopt a quantitative approach because of the limited theoretical understanding to support its analysis (Fan et al., 2012; Fan et al., 2013).

Third, despite the emphasis on the importance of indigenous context culture and theories such as the Chinese one (Leung, 2012), some models, such as Budhwar et al. (2016), have developed an IHRM Asia-Pacific region framework and state that this model can also be applied to other EMNCs. However, studies show that considerable diversity of HRM systems remains between Asian countries (Dowling and Donnelly, 2013), as Cooke and Lin (2012) illustrate in their study of CMNCs in Vietnam. Therefore, adopting an existing framework and its factors to study HRM practices, particularly in a context that is not empirically and theoretically well developed, such as the Chinese context, is insufficient. There is a need for careful consideration of the contextual influences of the home and host countries when studying IHRM in EMNCs, which are quite different from those experienced by the established MNCs.

Most of the current literature on subsidiaries' HRM practices is based on established MNCs from DMs establishing subsidiaries in other DMs or EMs (e.g. Tayeb, 1998; Gamble, 2003; Ferner and Edwards, 2004; Siebers et al., 2015; Ahlvik and Björkman, 2015). Growing research has been carried out with respect to some Asian economies, such as Japan, Korea and the newly

industrialised economies (NIEs) Taiwan and Singapore (e.g. Chang and Taylor, 1999; Chang et al., 2007; Chang et al., 2009; Chang and Smale, 2014). In contrast, there has been comparatively limited research on MNCs from EMs operating in DMs (Zhang and Edwards, 2007; Thite et al., 2012; Aguzzoli and Geary, 2014; Zhu and Jack, 2017). Also, the current research has not followed or considered the increase in EMNCs and thus, there is relatively limited knowledge concerning subsidiaries' HRM practices in EMNCs, including CMNCs (Budhwar et al., 2017; Cooke et al., 2019). The previous section (section 2.1) outlines the background to the development of CMNCs and their HRM practices and demonstrates the importance and significance of studying the CMNCs and their HRM; however, it is important to empirically and theoretically emphasise and justify examining this context.

HRM in CMNCs has attracted significant research interest since the early 1990s; however, research interest in HRM in CMNCs abroad has only appeared in recent years. CMNCs are relatively young, with many still in their early stages of development, and research in this area remains patchy and lags behind the business development (Cooke et al., 2019). Generally, the theoretical development of HRM within CMNCs has been extremely weak and is characterised by inadequate theorising (Siebers et al., 2015; Budhwar et al., 2017; Cooke et al., 2019). The CMNCs have some unique elements, cultural norms, symbols and practices, and different motives for investing in developed countries that have not been well considered in previous research**.** For example, people management in China has been significantly influenced by Confucian philosophy (Zhu and Warner, 2019). Values such as *guanxi* (personal

relationships) and *mianzi* (maintaining of face) continue to play a major part in the management of people and the shaping of social interaction in organisations (Zhu and Warner, 2019). Parochialism is also rooted in the Chinese cultural, economic and political systems (Cooke et al., 2019; Feng, Liu and Jiang, 2019), and it is important to consider its manifestation in HRM practices. Another dimension is the political influence of the Chinese state and its communist values and ideology in the subsidiaries' HRM practices, which has received limited attention in IHRM literature (Luo and Zhang, 2016).

These unique elements provide excellent opportunities for researchers to theoretically contribute to one of the main themes in HRM literature, that is the tension between standardisation and localisation of the subsidiaries' HRM practices (Schuler et al., 1993; Pudelko and Harzing, 2007; Brewster et al., 2008; Chung et al., 2014; Fan et al., 2016). This tension is mainly based on theoretical and empirical evidence from MNCs from advanced economies (e.g. Schuler et al., 1993; Tayeb, 1998; Ferner and Edwards, 2004; Ahlvik and Björkman, 2015). It can be argued that the HRM localisation and standardisation tension in CMNCs could be even more complicated than in MNCs from DMs (e.g. Zhang, 2003; Shen et al., 2005) due to its developing nature (Zhu, 2019).

In the Chinese context, IHRM research has focused more on exploring the transfer of HRM practices from DM MNCs (DMNCs) to China (e.g. Gamble, 2003; Siebers et al., 2015; Murray and Fu, 2016) or from China to other EMs, especially the African region (e.g. Cooke and Lin, 2012; Akorsu and Cooke, 2011; Jackson, 2014; Kamoche and Siebers, 2015; Cooke et al., 2017; Geary and

Nyiawung, 2021). Although studies on CMNCs operating in DMs is comparatively limited compared to the EMs (Fan et al., 2012; Zhang and Fan, 2014), in the recent past, IHRM empirical studies have started to consider CMNCs investing in DMs, particularly Australia (e.g. Fan et al., 2012; Fan et al., 2013; Zhang and Fan, 2014; Zhu and Jack, 2017; Zhao et al., 2019; Zhu, 2019). Some empirical studies have been conducted in the UK in the last two decades (e.g. Zhang, 2003; Shen et al., 2005; Zhang and Edwards, 2007; Zhang et al., 2014; Khan et al., 2019). Yet these studies remain relatively inadequate compared to the significant role of CMNCs in the UK.

The study by Zhang (2003), for example, observes extensive adoption of local HRM practices in Chinese subsidiaries due to complying with local regulations and aiming to transfer the local management know-how and expertise to parent companies. Zhang (2003) found that the adopted local practices had been implemented, to some extent, in all firms and that the Chinese HRM system was progressively being substituted for the UK one. For example, the firms adopted local compensation structures and benefits but reluctantly implemented other local practices, such as redundancy (Zhang, 2003). Although local HRM practices have been transferred to parent companies, the researcher states that the process and level of the transfer were hindered by the characteristics of the national business system. For example, HR functions are still primarily an administrative job, and their responsibilities in planning and strategy are limited. Parent companies control and influence recruitment, employment planning and budgets and do not recognise the trade unions (Zhang, 2003). In a follow-up study, Zhang and Edwards (2007) collected data from the subsidiaries' parent

companies. They confirm that reverse diffusion of the management and HRM practices played a main role in the internationalisation process of the firms. The researchers posit that the reverse diffusion of best practices contributes to a transformative effect on the parent companies and is one of the main priorities of CMNCs operating in the UK. This transfer not only entails a localisation process but also involves cross-organisational activities that focus on training and competency development.

Furthermore, Zhang et al. (2014) report on follow-up interviews with the UK subsidiaries' top managers and confirm that the HRM policies and practices in the Chinese subsidiaries are similar to those of other UK firms. The need for compliance with UK employment legislation and the use of local HR directors in all three companies were major factors accounting for the adoption of UK employment practices. However, the researchers found a decline in HR localisation, which was triggered by the influences and control of the parent firms, represented in a proportional decrease of UK senior managers and the appointment of expatriates in all the subsidiaries' executive positions. Their findings also show that Chinese managers encountered significant challenges in managing local employees and understanding the local environment.

Unlike Zhang and Edwards (2007), Shen et al.'s (2005) study centres on the MNC HQ level in China and includes executive managers from the UK for each subsidiary to reflect their Western side. The study confirms that IHRM policies and practices of the CMNCs are affected by contextual and firm-specific factors. These factors include political, legal, economic, socio-cultural factors,

international strategy, organisational structure, organisational culture, stage and mode of internationalisation, type of industry, international experience, international operation size, and top management perceptions of parent-company HRM practices and policies. For example, due to socio-cultural factors, the companies operated a dual approach to HRM practices to adjust to both the expatriates and local employees concerning training and development, compensation and benefits, recruitment and performance management. The study suggests that international strategy is a significant factor in explaining why the firm would localise or transfer HRM. When the firm is engaged in an international differentiation strategy, it will hire many local managers and decentralise considerable HRM duties to subsidiaries with few instructions from parent companies. The study also found that parent companies implemented an integrative approach to IHRM, manifesting aspects of ethnocentrism, polycentrism and geocentrism.

Finally, Khan et al. (2019) studied the difficulties Chinese expatriate managers encountered in Chinese-acquired subsidiaries in the UK. The study found that the differences in culture and institution pose many challenges in the implementation of the standardised or localised HRM practices throughout the post-acquisition phase. The use of innovative expatriate-focused socialisation strategies helped to facilitate the integration of expatriates in the acquired companies. However, the research shows that Chinese expatriate managers considered local regulations as a hindrance to efficiency while at the same time acknowledging the need to adapt to local norms and practices.

Together, these studies remain narrow and do not provide sufficient clarity in explaining the formation of CMNC subsidiaries' HRM practices in the UK for several reasons. First, they examine the degree of similarity between HRM practices in the UK subsidiaries and Chinese parent companies. They overlook the complexity of the design of HRM practices in terms of localisation and standardisation orientations (Welch and Björkman, 2014). This complexity requires further investigation and critical examination to enhance understanding and conceptualisations of these orientations that might not fit within the current dominant assumptions. These assumptions hold that CMNCs tend to model or re-export global or best Western practices to their subsidiaries instead of transferring home-country practices to the host country (Cooke, 2014; Mellahi, Frynas and Collings, 2016).

Second, these studies tend to limit themselves to greenfield subsidiaries. They neglect, to some extent, brownfield subsidiaries (except for Khan et al., 2019), despite the growing significance of these organisations and Chinese acquisitions in developed European countries (Spigarelli, Alon and Mucelli, 2015). A greenfield subsidiary rather than an acquisition is linked with a high degree of MNC standardisation (Björkman and Lu, 2001). Greenfield subsidiaries can better pursue their parent-company policies and practices than the acquired subsidiaries. The practices in greenfield subsidiaries do not confront existing mature and institutionalised practices. Instead, there is a better opportunity to set up base rules for employment and hire individuals who fit with the parent-company organisational culture (Gamble, 2003). In a study of Chinese mergers and acquisitions in Germany, Liu and Woywode (2013) found that Chinese

parent companies kept the existing German management practices, and the subsidiaries' operations stayed autonomous, demonstrating a high degree of localisation. It could be argued that this might not always be the case in CMNCs' acquired subsidiaries. As such, there is an obvious need for further research on acquired subsidiaries (brownfield) to examine how the mode of establishment in terms of the embeddedness of subsidiaries in a particular institution could influence the HRM practices' localisation and standardisation orientations. Finally, these studies adopted Western IHRM frameworks, as mentioned above, and such frameworks might not provide accurate and valuable insights into HRM practices in the Chinese context (Cooke, 2009; Thite et al., 2012; Zheng, 2013; Siebers et al., 2015; Budhwar et al., 2017; Cooke et al., 2019).

A review of the IHRM frameworks, the literature and empirical studies of IHRM in general, and CMNCs and EMNCs in particular (e.g. Gamble, 2003; Zhang, 2003; Farley et al., 2004; Chang et al., 2007; Chang et al., 2009; Cooke, 2012; Chang and Smale, 2014; Fan et al., 2013; Zhu et al., 2014; Geary et al., 2017) reveals three main limitations.

The first limitation concerns contextualisation. A number of influential researchers have called for further consideration to be given to context in management research (e.g. Boyacigiller and Adler, 1991; Schuler and Jackson, 2005; Tsui, 2007; Johns, 2006; Child and Marinova, 2014). Tsui (2007, p. 1357) states, "deep contextualization is necessary for both theory development and the meaningful application of existing theory to novel contexts". Johns (2006) points out that although context is being studied, its influence is not sufficiently

recognised and is underappreciated. Child and Marinova (2014) state that developing a powerful theory requires a detailed understanding of the contextual setting. This is particularly critical in HRM research, management research and theorisation of the Asian context (e.g. Meyer, 2006; Tsui, 2009; Cooke, 2018). Despite the emphasis on the importance of indigenous context culture and theories such as the Chinese one (Leung, 2012), IHRM studies and frameworks for CMNCs (e.g. Zheng, 2013; Shen et al., 2005) have nonetheless drawn heavily on Western frameworks (e.g. Schuler et al., 1993; Taylor et al., 1996). Cooke (2018) argues that a Western-oriented method of exploring an Asian HRM phenomenon will limit how it is conceptualised. There is a need to find new approaches to conceptualisation to rectify the imbalance of a Western-oriented situation in the IHRM research. From an IHRM point of view, scholars realise the necessity to build more nuanced approaches to investigate the specificity and conditionality of the context (Farndale et al., 2017). There is significant evidence of studies that indicate that context is extremely relevant when studying its influence in HRM practices (e.g. Björkman, Fey and Park, 2007; Budhwar et al., 2016; Geary and Aguzzoli, 2016). According to Yahiaoui (2015, p. 1667), HRM practices transfer is a "dual process of contextualization (what meaning do practices have outside their original context?) and re-contextualization (what meaning do they have in a new context?)". The lack of contextualisation is one of the reasons for indicating that the theoretical development in HRM within CMNCs has been extremely weak (Siebers et al., 2015; Budhwar et al., 2017; Cooke et al., 2019).

The second limitation concerns the role of actors from different levels. Previous models and empirical studies have focused mainly on institutional contextual factors (e.g. Ferner, 1997; Gamble, 2003; Zhang, 2003; Zhang and Edwards, 2007; Almond, 2011; Siebers et al., 2015; Zhu and Jack, 2017). Other studies focus on industrial characteristics (Cooke and Lin, 2012; Zheng, 2013; Chung, 2018), such as the degree of product integration (Thite et al., 2012), while other research focuses on and incorporates firm-specific factors (Shen et al., 2005; Björkman, Smale, Sumelius, Suutari and Lu, 2008; Chung et al., 2014), such as the firm's business strategy (Cooke and Lin, 2012), nature of ownership (Zhu, Collins, Webber and Benson, 2008) and the size of their international operations (Welch, 1994; Shen et al., 2005). However, IHRM researchers generally have paid relatively little attention to the role of different actors in shaping subsidiaries' HRM practices (Björkman, 2006; Björkman and Welch, 2015; Brewster et al., 2016). Scholars have called for research that integrates and investigates the key actors from various levels to better explain their influence in forming subsidiaries' HRM practices (Dörrenbächer and Geppert, 2011; Brewster et al., 2016; Kostova et al., 2016). Actors, whether institutional or social, can play a critical role in shaping subsidiaries' HRM practices.

The third limitation is the inadequate acknowledgement of the dynamic and contested nature of transferring and adopting the HRM practices (Gamble and Huang, 2009; Brewster et al., 2016; Zhu, 2019). Gamble and Huang (2009, p. 1700) emphasise that the "transfer of organizational practices is not an event, but a dynamic, contested and shifting process". This is problematic in research into MNCs from EMs due to the developing nature of their management practices

and the dynamic changes that MNCs are experiencing (Buckley, Clegg, Cross, Xin, Voss and Ping, 2007; Cooke, 2008; Zheng, 2013; Zhu, 2019). An important part of the transfer and adopting process and what makes the process even more complex and challenging is the necessity to balance the need for global integration (standardisation) with the need for local responsiveness (localisation) (Ferner, 1997; Gamble, 2003; Rosenzweig, 2006; Almond, 2011; Festing and Sahakiants, 2013; Siebers et al., 2015; Zhu and Jack, 2017). The following section starts by reviewing the transferring and adoption of the HRM in MNCs, which is followed by a review of the empirical and theoretical basis of the tension between standardisation and localisation of the subsidiaries' HRM practices. This builds the basis of this research's theoretical framework.

2.2.1. Localisation and Standardisation Perspective of IHRM

Over the last two decades, IHRM researchers have conducted several studies on the transfer and deployment of HRM practices in MNCs (Tayeb, 1998; Edwards et al., 2007; Chang et al., 2009; Festing et al., 2012; Cooke and Lin, 2012; Chung et al., 2014; Yahiaoui, 2015; Adams et al., 2017; Chung, 2018). Transferability refers to "the ability to transfer HRM practices originating in the parent company to its subsidiaries" (Liu, 2004, p. 501). The transferability of HRM practices can be highly complicated and challenging, even if the home-country firm has exceptionally advanced HRM practices. It is incorrect to accept that transferring HRM practices can be without constraints forced by specific settings in the host country (Yang, 1998; Gamble, 2003). For example, although UK MNC subsidiaries in China show that HRM practices largely follow the parent

company, they have been influenced by local institutional norms and expectations (Gamble, 2003).

Many studies have examined the transfer and adoption of HRM practices, particularly in the subsidiaries context (Chiang et al., 2017). HRM practices can vary from one firm to another and from one country to another (Tayeb, 1998; Chang et al., 2009; Lewis et al., 2019). They can be more sensitive to cross-country differences, particularly national culture and institutional constraints. Some practices, such as remuneration, working hours, retirement, holidays and job contracts are more conditioned to local regulations and are not strongly influenced or controlled by the parent company and home country. In contrast, other HRM practices are less sensitive to local regulations, such as the structure of the salary, promotion and job design (Cox, 2014). Therefore, these practices can be easily diffused, while other practices, such as performance management, recruitment, training and development need significant modification to be transferred and implemented in the subsidiaries. Similarly, Fu (2012) holds the view that the more explicit, more organised and less industry-specific HRM practices (e.g. equal opportunities policy, teamwork practices) can be more easily diffused than the more implicit and country-of-origin-specific practices (e.g. employee relations). Festing, Eidems and Royer (2007) found that the HQ of European MNC standardised policies related to basic pay and incentives, while some compensation elements, such as bonuses and fringe benefits, were altered to the local terms. The host institutional and cultural demands were the reasons for local adaptation. By the same token, Festing and Sahakiants (2013) reveal that practices such as performance-related pay, bonuses and social

benefits were locally adapted due to MNCs' aim to conform with local regulations and cultural norms.

Accordingly, MNCs' foreign subsidiaries face dual pressures, termed institutional duality, when adopting HRM practices (Kostova and Roth, 2002). MNCs' subsidiaries are not independent entities. They need to adapt to home-country institutional environments and standard practices within the MNC (internal pressure), and the pressure, at the same time, to adapt to host-country institutional environments and practices (external pressure) (Ferner and Varul, 2000; Chang et al., 2009; Chung et al., 2014). As a result, foreign subsidiaries are challenged with different forms of isomorphic pressures and a necessity to sustain legitimacy with the host country and parent company (Kostova and Roth, 2002). The main challenge facing MNCs when transferring and adopting HRM strategies and practices is balancing between the need for global integration (standardisation) and local responsiveness (localisation). Therefore, researchers argue that the research focus should shift from transferability of HRM practices to "how MNEs balance the dual pressures of developing globally integrated management policies and practices while trying to adapt and respond to local cultural and institutional pressures" (Kamoche, Chizema, Mellahi and Newenham-Kahindi, 2012, p. 2829).

Much IHRM research has drawn mainly on the global integration and local responsiveness debate (Ferner, 1997; Gamble, 2003; Rosenzweig, 2006; Farndale and Paauwe, 2007; Almond, 2011; Chung, Bozkurt and Sparrow, 2012; Festing and Sahakiants, 2013; Siebers et al., 2015; Fan et al., 2016; Zhu and

Jack, 2017). The conflict between globalisation and localisation has created the global-local quandary; this is generally defined as MNCs thinking globally and acting locally (Kamoche, 1996; Dunning and Mucchielli, 2002; Smale, 2008). MNCs work towards achieving global integration and control over their overseas units, at the same time ensuring conformity with local conditions in the host country (Nohria and Ghoshal, 1994; Kamoche, 1997; Park, 2016). This duality challenge in MNCs has been recognised as a major obstacle that MNCs have to address (Rosenzweig, 2006; Chung, 2018).

Prahalad and Doz (1987) develop global integration and local responsiveness concepts to describe the pressure that businesses face in the international environment. These have been used at several levels, including industry and task levels (Rosenzweig, 2006) and applied to the domain of HRM to investigate HRM practices in MNCs (Chung, 2018). The literature shows that IHRM practices play a key role in developing the capabilities of MNCs for local responsiveness (Schuler, Budhwar and Florkowski, 2002). A large number of studies have investigated the extent of the global integration and local responsiveness of HRM practices in MNCs by evaluating whether HRM practice is similar to the parent company's practices or local practices (Chung et al., 2014). The resemblance between HRM practices in the subsidiary and parent company indicates global integration/standardisation. In contrast, the similarity between subsidiary HRM practices and local practices is thought to represent local responsiveness/localisation (Chung, 2018).

Based on Prahalad and Doz's (1987) concepts of global integration and local responsiveness, the level of localisation and standardisation of subsidiaries' HRM practices has been considered as one of the main topics in IHRM literature and one of the dominant assumptions (Almond, Muller-Camen, Collings and Quintanilla, 2006; Pudelko and Harzing, 2007; Brewster et al., 2008; Chung et al., 2014; Fan et al., 2016; Chung; 2018). These orientations are largely incompatible; hence, MNC subsidiaries must standardise or localise HRM practices in the host country (e.g. Rosenzweig, 2006; Schuler et al., 1993). However, MNC subsidiaries may sometimes need an HRM strategy that combines global integration with local responsiveness (Hannon et al., 1995; Taylor et al., 1996) and are expected to use a hybrid strategy (as termed by Tayeb, 1998).

The localisation and standardisation framework has been applied in IHRM research by many scholars (Ferner, 1997; Gamble, 2003; Rosenzweig, 2006; Almond, 2011; Festing and Sahakiants, 2013; Siebers et al., 2015; Zhu and Jack, 2017), and further developed and extended. Tayeb (1998), for example, studies the degree to which the parent US MNC transfers HRM practices to its Scottish subsidiary. The study indicates that some practices were well transferred, some practices required substantial amendment, and other practices were rejected by the subsidiary. Sparrow et al. (2004) studies HR globalisation within Western MNCs and identifies distinctive approaches to the MNCs' IHRM strategy, namely standardisation and optimisation. Standardisation happens when the HQ's HRM processes are applied to the subsidiaries, while optimisation entails adjusting a process according to multiple perspectives to achieve a specific goal.

Pudelko and Harzing (2008) further develop the localisation and standardisation perspective by introducing the "golden triangle" for MNCs, which consists of standardisation to HQ practices, standardisation to global best practices, which has been referred to as the "dominant effect" (Pudelko and Harzing, 2007), and localisation. For example, Geary et al. (2017) investigate the transfer of a Brazilian MNC's HRM practices to its subsidiaries in the UK, Canada, Switzerland and Norway and show that the MNC implemented a single and unified standardised model (US-adopted) in all its subsidiaries.

In a study of Taiwanese MNCs operating in a developed country, it was found that they implement a blend of parent-company and host-country practices (hybrid style), in contrast to the generally stated single HRM approach adopted by DMNCs (Chang et al., 2007). Gamble (2010) studies Japanese MNCs operating in both the home country, Japan, and their subsidiaries in China. He argues that existing theoretical perspectives on the transfer of HRM practices in MNCs offer an inadequate explanation of how the dual requirements of global integration and local responsiveness are managed. To understand the complexity of IHRM, Gamble (2010) offers a hybridisation approach, which he conceptualises as complex patterns of new management practices formed from critical processes of adoption and adaptation. In addition, other research has indicated that IHRM practices consist of many complex patterns of diffusion and negotiation (Edwards et al., 2012) that need to be explored and well explained.

More recent studies have focused on the hybridisation approach. For example, Yahiaoui (2015) concentrates on studying the hybridisation of the parent-

company and local HRM practices. The research found that hybridisation is a transformation of HR practices into rather distinct practices from home-country and host-country practices through a process of diffusion and adaptation influenced by organisational and institutional context (Yahiaoui, 2015). Chung and Furusawa (2016) examine how MNCs from three different countries manage the pressures for global integration and local responsiveness concerning HRM. While the US MNCs apply a global standardisation strategy to their subsidiary HRM practices, Japanese MNCs count on extensive use of expatriates to maintain control and ensure coordination, and Korean MNCs choose to follow a hybridisation approach. Nevertheless, they all experience pressures caused by the gap between the adopted practices and the informal practices ingrained in the home country.

Another study found that the extent of the implementation of HRM practices varied amongst firms from the same home country in the host country (Chung et al., 2014). It showed that each HRM practice differed in its degree of localisation, even between subsidiaries within a single MNC. The authors found that IHRM approaches are best explained by a unique hybridisation approach through a blending of localisation and standardisation across individual HRM practices. Adams et al.'s (2017) review of the existing literature shows four approaches to MNC subsidiaries' HRM practices: global standardisation, the transfer of home-country HRM practices to subsidiaries, the adoption of host-country HRM practices and the hybridisation of HR practices.

In sum, the hybridisation approach of IHRM (e.g. Tayeb, 1998; Chung et al., 2014; Adams et al., 2017) has challenged the simplistic framework of standardisation versus localisation and overcome the misleading black-and-white tendencies of this framework (Quintanilla and Ferner, 2003). However, as mentioned above, empirical research has suggested that hybridisation has much more complex forms between standardisation and localisation, which indicates that HRM practices' orientations could be far more complicated. Despite this, most research has centred around measuring the degree of localisation and standardisation of the subsidiaries' overall HRM practices (e.g. Rosenzweig and Nohria, 1994; Björkman and Lu, 2001; Smale et al., 2013; Ouyang et al., 2019). This was also the case in the studies of HRM practices in CMNCs, as explained previously (e.g. Zhang, 2003; Shen et al., 2005; Zhang and Edwards, 2007; Zhang et al., 2014; Khan et al., 2019). This shows that the literature still traditionally defines HRM practices using the contrast of standardisation versus localisation as the general orientation in the overall design of HRM practices. However, the subsidiaries' HRM practices are too complex to be explained by the long-established standardisation-localisation continuum. Moreover, the current conceptualisation of hybridisation does not explain its complex patterns nor does it provide a deep understanding and explanation of the extent of the home-country and host-country effect within hybridisation. Additionally, with the rapid change in MNCs and increasing complexity of combining MNC and local HRM practice, there is a necessity to carefully and closely examine the orientations of each HRM practice separately rather than generalising the whole approach to HRM practices (Björkman and Lu, 2001; Lu and Björkman, 1997; Chung et al., 2014; Chung, 2018).

A number of HRM practices are examined in existing studies. An extensive review by Chiang et al. (2017) identifies different HRM practices being transferred relating to rewards, performance management, training and development, teamwork, management of talent, and environmental sustainability-related HRM practices. Adams et al. (2017) identify patterns in the transferring and adapting of some subsidiaries' HRM practices; these include training and development, recruitment and selection, employee relations, compensation, and performance management. Ahlvik and Björkman (2015) examine similar practices: training and development, talent identification and management, performance management, and compensations and rewards, while Chang and Smale (2014) examine selection and recruitment, communication, training, performance management, and reward management and promotion.

Other researchers study foreign MNCs in Taiwan, including staffing, performance appraisal, promotion and career systems, corporate culture, training programmes, and compensation policy (Hannon et al., 1995). Björkman et al., (2007) examine training, communication, performance-based compensation, competence performance appraisal, and merit-based promotion. They build their research on Becker and Gerhart's (1996) work because there is no developed list of practices that are generally agreed theoretically or empirically. In CMNCs in the UK context, Shen et al. (2005) examine recruitment and selection/staffing, training and development, international performance appraisal, and compensation, while Zhang (2003) includes recruitment and selection, salary and benefits, rewards, performance management, training, and employee relations. In a study of Chinese banks in Canada, Yang and Lin (2019) include

staffing, training, and compensation to investigate the localisation and integration of HRM practices.

Based on a review of the most commonly studied HRM practices in the MNC literature, four HRM practices are examined in this research: recruitment and selection, performance appraisal, training and development, and compensations and benefits. These practices were selected to maintain consistency with prior studies of IHRM settings, particularly CMNC research (e.g. Shen et al., 2005; Zhang and Edwards, 2007; Yang and Lin, 2019). This consistency supports the building of more precise conclusions around the degree to which the findings of this research are limited to the context of CMNC practices being transferred to subsidiaries in developed countries (Chang and Smale, 2014). They were also selected for their sensitivity to the Chinese context (*guanxi* and *mianzi*); for example, the traditional method of recruitment and selection based on *guanxi* is still carried out in CMNCs in the UK (Zhang, 2003). In addition, previous research shows that performance appraisal and reward management policies in China seem to be culture-bound (Lu and Björkman, 1997).

While examining these four HRM practices, less emphasis should be placed on the tendencies of localisation and standardisation and more attention paid to how complicated HRM practices' orientations are in particular situations and contexts. This requires further investigation and critical examination to enhance the understanding and conceptualisations of the orientations of the subsidiaries' HRM practices and how they develop a unique and complex

approach that goes beyond the traditional global standardisation–localisation dichotomy and recent theoretical and empirical development.

To theoretically contribute to the standardisation–localisation framework by studying HRM practices in CMNCs, it is necessary to overcome the previously mentioned three limitations: first, the lack of deep contextualisation in IHRM research, particularly in the Chinese context (Siebers et al., 2015; Budhwar et al., 2017; Cooke et al., 2019), which has led to weak theoretical development; second, the relatively little attention paid to the role of different actors in shaping subsidiaries' HRM practices (Björkman, 2006; Björkman and Welch, 2015; Brewster et al., 2016); and third, the inadequate acknowledgement of the dynamic and contested nature and complexity of HRM practices' orientations (Gamble and Huang, 2009; Brewster et al., 2016; Zhu, 2019).

Therefore, it is crucial to find a highly context-sensitive theory/theories that can appreciate and are capable of exploring the role and influence of different actors and the dynamicity and complexity of the shaping of the orientations of the subsidiaries' HRM practices when exposed to institutional pressure for standardisation and localisation (Wright and Mcmahan, 1992). Drawing on institutional theory, MNCs simultaneously confront pressures from the home and host countries to comply with their institutional requirements. As Morgan and Kristensen (2006, p. 1470) affirm, "to be considered legitimate, organisations must conform to relevant institutional expectations". As a result, subsidiaries might localise their practices by adopting practices from the host country's institutional environment (DiMaggio and Powell, 1983; Scott, 2001;

Almond et al., 2006). Existing studies on IHRM have often drawn on institutional theories to explain localisation and standardisation (Björkman, 2006; Brewster et al., 2008; Kostova et al., 2008; Cooke et al., 2019). Below is a review of institutional theory and its application in IHRM literature.

2.2.2. Institutional Theory

Institutional theory has grown to be one of the most vibrant theories in management and organisation research in the last decades (Meyer and Hollerer, 2014). The origin of institutional theory in sociology (new institutionalism or neo-institutionalism) emerged from the work of Meyer and Rowan (1977) and Zucker (1977). They develop a different institutional analysis approach by highlighting the roles of culture and cognition.

Institution is defined as the "rules, norms, and beliefs that describe reality for the organisation, explaining what is and is not, what can be acted upon and what cannot" (Hoffman, 1999, p. 351). Institutions explain the formal and informal social arrangements and behaviours driven by taken-for-granted and culturally embedded understandings (Garud, Hardy and Maguire, 2007). Hence, firms sharing the same environment are categorised by common systems of meanings and tend to become isomorphic with each other (DiMaggio and Powell, 1983). Isomorphism is defined as "a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions" (DiMaggio and Powell, 1983 p.149). Accordingly, firms are under pressure to maintain consistency with their institutional environment (DiMaggio and Powell, 1991). Institutional environments are defined by detailed rules and

requirements that organisations should adopt to gain legitimacy (Scott, 1995). Institutional legitimacy is "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman 1995, p. 574). Therefore, for MNC subsidiaries to succeed and survive, it is critical that they respond to institutional pressure by addressing the host country's requirements to gain legitimacy.

DiMaggio and Powell (1983) extended Meyer and Rowan's (1977) work and suggested three main types of isomorphism affecting firms: coercive, mimetic and normative. Later, Scott (2001) terms these as three "pillars" of institutional processes. First, the regulatory pillar guides behaviours by coercion and formal sanctions; for example, firms are constrained by regulation, laws and rules from the host country or HQ that promote regularised behaviours. Second, the cultural-cognitive pillar is where shared conceptions constitute the nature of reality through which meaning is made and stresses what is typical or taken for granted. Third, the normative pillar focuses on norms and values held and carried out by individuals (Scott, 2008). These pillars explain how different actors motivate isomorphic behaviours.

HRM researchers began to acknowledge the appropriateness of institutional theory to HRM research at the beginning of the 1990s. Wright and Mcmahan (1992) were the first to acknowledge it. They review institutional theory and suggest that the concept of institutionalisation "may help in understanding the determinants of HRM practices" (Wright and Mcmahan, 1992, p. 313). Then a

number of scholars (e.g. Oliver, 1997; Purcell, 1999) adopted concepts of institutional theory in their HRM research. However, Paauwe and Boselie (2003) were the first to systematically use new institutionalism in HRM (Najeeb, 2014). Paauwe and Boselie (2003) and Lewis et al. (2019) present institutional theory as an essential theoretical lens for HRM research. It has been applied increasingly in the study of MNCs, mostly to examine the HRM practices found in foreign subsidiaries of MNCs (Björkman, 2006; Kostova et al., 2008). The most dominant theoretical perspectives adopted in the existing studies of IHRM in EMNCs are institutional theory (Zhu et al., 2014; Thite et al., 2014; Chang et al., 2007; Cooke et al., 2019) and a resource-based view (Cooke and Lin, 2012). In a review of studies on the transfer of HRM practices of CMNCs, institutional and cultural perspectives were the most theoretical ideas adopted (e.g. Zhang, 2003; Zhang and Edwards, 2007). However, the cultural perspective has been criticised for not providing a compelling explanation for home-country influence (Almond, Edwards, Colling, Ferner, Gunnigle, Mller-camen, Quintanilla and Wächter, 2005). That is not a concern for the institutional approach.

Institutional theory is considered a high-context approach (Child, 2000) and a highly appropriate method to study EMNCs because EM institutions are experiencing dynamic changes with strong government roles (Buckley et al., 2007; Cooke, 2008; Zheng, 2013). While it has been applied increasingly in the MNC literature, mainly to study subsidiaries' HRM practices (Björkman, 2006; Kamoche and Harvey, 2006; Chang et al., 2007; Kostova et al., 2008; Zhu et al., 2014; Thite et al., 2014), institutional theory focuses mainly on isomorphisms (neo-institutionalism). Neo-institutionalism is mainly linked to the concept that

a firm's institutional – normative, cognitive and regulatory – environment influences the firm embedded within, leading the firm to become more similar than different (Scott, 2014). However, previous research has shown that there is often little cognitive and normative institutional enforcement. Since the parent companies comply with regulatory rules (institutional coercion), they are free to exercise significant control over HRM practices and, thus, there is more institutional freedom to choose the level of responsiveness to the local institutional environment (Kostova et al., 2008). Dörrenbächer and Geppert (2011) argue that the role of isomorphism needs to be revised, which is one of the key tools in neo-institutionalist research of the MNC. At the same time, other researchers have been interested in understanding non-isomorphic influence by applying an institutional perspective (Dacin, Goodstein and Scott, 2002).

Moreover, previous studies using institutional theory have been criticised for concentrating mainly on the national level in isolation of the other levels (Quintanilla and Ferner, 2003). Mellahi, Demirbag, Collings, Tatoglu and Hughes (2013) emphasise that relevant factors, such as subsidiary-level factors, must be considered to analyse contemporary IHRM research through institutional theory. It has also been criticised for its deterministic and narrow focus on institutional persistence and homogeneity (Dacin et al., 2002; Kostova et al., 2008). Oliver (1992) and Scott (2001) remark that institutional theory research places the emphasis on the process of constructing and converging change in institutions. Nevertheless, an equally crucial concept is deinstitutionalisation, "the processes by which institutions weaken and disappear" (Scott, 2001, p. 182), which is inadequately investigated.

While the current institutional perspective stresses the role of agency, actors and their agency have been overlooked in both analytical and empirical literature (Abdelnour et al., 2017; Lewis et al., 2019). For example, at a micro-level, neo-institutional theory is not critical enough to examine the influence of individual actors' agency (Nolan, 2011) in shaping the localisation and standardisation orientation of subsidiaries' HRM practices. Recently, Mayrhofer, Gooderham and Brewster (2019) have argued that HRM research needs more contextualisation, explicitly using institutional perspectives. Therefore, institutional theory should be promoted in the field of IHRM by using alternative perspectives of the theory that focus not only on the macro-level (similar to its application in international business literature) but also on the micro-level, which is equally critical in the HRM literature (Wright and Ulrich, 2017). Therefore, to date, little has been published that reflects the current understandings of institutional theory in IHRM.

Institutional theory suggests that HRM practices are subjected to institutional differences between home and host countries. The institutional environment can differ radically between countries; the greater the distance, the more complex the transfer process of the practices (Caprar et al., 2015; Edwards, Sánchez-Mangas, Jalette, Lavelle and Minbaeva, 2016). This can result in significant institutional complexity, which is the challenge of aligning structures and practices with contradictory behavioural guides or logics (Friedland and Alford, 1991). Thus, CMNCs in the UK face great institutional complexity and must deal with the demands of different institutional arrangements to gain legitimacy.

One of the strongest perspectives in realising institutional complexity is institutional logics.

2.2.2.1. Institutional Logics

Institutional logics is "one of the key terms in the institutional vocabulary" (Greenwood, Oliver, Lawrence and Meyer, 2017, p. 10). It is considered one of the critical theoretical perspectives in management and organisational studies (Martin et al., 2018; Tyskbo, 2021). Although different variations of institutional theories have been applied in IHRM research (Cooke et al., 2019), surprisingly, no reference to institutional logics perspective is made by IHRM scholars (Xiao and Cooke, 2020) except for Tyskbo (2021), who studies talent management identification in MNCs and identifies logics at the organisational level.

As a source of legitimacy (Seo and Creed, 2002), logics mirror institutional pressure, in which organisations conform to increase organisational legitimacy (Pache and Santos, 2010; Greenwood et al., 2011). This pressure includes standardisation pressure from the home country and localisation pressure from the host country. Therefore, organisational practices, such as HRM practices, reflect "logics of appropriateness" that are subjected to their institutional environments (DiMaggio and Powell, 1983). Moreover, institutional logics offers a bridge between institutions and agency by providing "a link between individual agency and cognition and socially constructed institutional practices and rule structures" (Thornton and Ocasio, 2008, p 112). Exploring the influence of the subsidiary's individual social actors is essential for HRM research (Wright and Ulrich, 2017), as it is less investigated in IHRM research (Rupidara and

Mcgraw, 2011; Björkman and Welch, 2015; Brewster et al., 2016; Kostova et al., 2016).

Moreover, institutional logics is a metatheory that provides a capability to develop theory and research within several levels of analysis, both on a macro-level and on an individual level. (Thornton and Ocasio, 1999). Therefore, institutional logics can better explain the role and influence of social actors along with other institutional/macro-level actors on the localisation and standardisation orientations of subsidiaries' HRM practices and unpack their complexity. In addition to this, Gümüsay et al. (2020) argue that institutional logics can help develop context-sensitive theorising. Hence, it offers deep contextualised analysis to better understand and theorise HRM localisation and standardisation in this research context (i.e. HRM within CMNCs) characterised by weak theorising.

Institutional logics was originally introduced by Alford and Friedland (1985) to identify conflicting practices and beliefs in the institutions of contemporary Western societies. Then it was further developed by investigating the interrelationships between individuals, organisations and society. Friedland and Alford (1991) conceptualise society as comprising of multiple logics, each linked through "a set of material practices and symbolic constructions" (Friedland and Alford, 1991, p. 248) that serve as "taken-for-granted social prescriptions" (Battilana and Dorado, 2010, p. 1420) and as "frames of reference that condition actors' choices" (Thornton et al., 2012, p. 2). Institutional logics is defined as "the socially constructed, historical patterns of material practices,

assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality" (Thornton and Ocasio, 1999, p. 804). This institutional analysis approach puts institutional logics as defining institutions' content and meaning and shifts the focus away from isomorphism (Friedland and Alford, 1991; Haveman and Rao, 1997; Thornton and Ocasio, 1999).

Friedland and Alford's (1991) main contribution of conceptualising society as an inter-institutional system was elaborated by Thornton (2004) into a typology of logics that includes state, corporations, profession, markets and community. These logics are associated with the formal and informal mechanisms of control that can influence the subsidiaries' HRM practices to gain legitimacy (Thornton and Ocasio, 2008). Taking state logic as an example, CMNCs in the host country (UK) must comply with UK employment law, and they need to keep up to date with new policies. In the CMNC context, the influence and control of the state are manifested not only in decisions related to MNC investment but also in HRM practices (Cooke et al., 2015). As for corporation logic, the parent companies can exercise formal and informal control over their subsidiaries through the decision-making authority and the use of expatriates (Zhu et al., 2014). They can also exercise control by transferring the organisational culture. The latter is influenced by Chinese national culture and values such as *guanxi*, *mianzi* and *renqing* (favour) (Li and Liu, 2002). If the parent company transferred its organisational culture into the overseas subsidiaries, particularly acquired subsidiaries, this would create conflict in the subsidiary due to the organisational incompatibility of "local versus home culture". Incompatibility refers to the

conditions in which multiple logics provide contradictory and conflicting prescriptions that are difficult to blend or adhere to in practice (Greenwood et al., 2011).

These conflicts are caused by the influence of the different actors (e.g. host and home countries' states, parent company) who hold the logics and are driven by the logics' interest. Their influence is due to the embedded agency in which "the interests, identities, values, and assumptions of individuals and organizations are embedded within prevailing institutional logics" (Thornton and Ocasio, 1999, p. 103). Therefore, the means and ends of individual and institutional actors' interests and agency are facilitated and constricted by predominant institutional logics (Giddens, 1984; Sewell, 1992; Thornton and Ocasio, 2008).

MNCs are embedded in their home country (Wang, Clegg and Kafouros, 2009), and because their contexts are less homogenous than originally assumed (Kostova et al., 2008; Dörrenbächer, and Geppert, 2011), the embeddedness of HRM practices is likely to stay different in each country (Brewster and Mayrhofer, 2012). Also, subsidiary embeddedness in the local environment should influence management practices (DiMaggio and Powell, 1993). This will have more influence when subsidiaries are UK-origin or host-country-origin acquired. Therefore, subsidiaries' embeddedness in a particular institution is strongly linked and reflects the mode of establishment, which helps explain the influence on the orientations of HRM practices. Moreover, acquisition is an example of the influence of institutional logics, which is referred to as "structural

overlap", in which organisational actors from different cultures are forced into association (Thornton, 2004).

Overall, MNC subsidiaries are challenged with multiple prescriptions arising from different institutional logics (Greenwood et al., 2011). These multiple logics can take a competitive form (Goodrick and Reay, 2011) or blend over time (Thornton, Jones and Kury, 2005). The competing logics and the conflict between logics from the country of origin/ownership (standardisation) and those from the host country (localisation) can facilitate the changes in the orientations of the subsidiaries' HRM practices. For example, a study shows that competing logics facilitate resistance to institutional change between global corporate logics and local professional banking logics (Marquis and Lounsbury, 2007). Moreover, logic contradiction also can foster the embedded agency of the social actors to introduce changes in the subsidiaries' HRM practices (Seo and Creed, 2002).

It is noted that the subsidiaries' HRM practices cannot be seen as being top-down controlled and leaving no space for social agency (Dörrenbächer and Geppert, 2011). In their seminal paper, Emirbayer and Mische (1998, p. 970) define human agency as "the temporally constructed engagement by actors of different structural environments – the temporal–relational contexts of action – which, through the interplay of habit, imagination, and judgment, both reproduces and transforms those structures in interactive response to the problems posed by changing historical situations". This definition does not view institutional structure as constraining agency; instead, it could be considered a

tool for actors' agency (Garud et al., 2007). McPherson and Sauder (2013) demonstrate that social actors show agency in interpreting institutional logics, and Zilber (2002, 2013) refers to individuals' interpretations as part of an institutional agency. Social actors count on their interpretations of institutional logics in a particular context (home country and host country) and use them as a tool in which they can be "continuously combined, configured, and manipulated to serve the purposes of actors" (McPherson and Sauder, 2013, p. 168). Also, Binder (2007, p. 568) states, "logics are not purely top-down: real people, in real contexts, with consequential past experiences of their own, play with them, question them, combine them with institutional logics from other domains, take what they can use from them, and make them fit their needs".

However, actors have different interpretations of the meaning of and the relationship between logics (McPherson and Sauder, 2013; Voronov, De Clercq and Hinings, 2013). Therefore, the interpretation and the meaning associated with the same logics could differ substantially between the expatriate and local employees due to institutional, cultural and historical differences. These differences are well recognised by institutional logics. This perspective acknowledges that institutions and practices develop and change as an outcome of the interaction between both material dimension (structure such as formal rules and practices) and cultural symbolic dimension (informal elements, norms, beliefs, ideation and meaning) (Thornton et al., 2012; Friedland and Alford, 1991). These cultural symbols and materials (e.g. practices) are available to social actors and organisations to use for their benefit (Friedland and Alford, 1991). As carriers of the logics, social actors can introduce and disseminate

cultural symbols and practices from institutional logics to other logics. Hence, individuals such as local and expatriate managers, HR managers and employees can create, maintain or disrupt HRM practices that are motivated by their self-interest but under the influence of the institutional logics in which they are embedded. Recognising how practices develop and change by both dimensions will not only overcome the lack of contextualisation and theorising in IHRM research, mainly in the context of CMNCs, but also acknowledge and help to explain the dynamic nature of HRM practices. The material and cultural symbolic dimensions are another reason that institutional logic is very suitable for this research.

Although institutional theory suggests that the extent to which subsidiaries are embedded in an institutional environment influences their practices (DiMaggio and Powell, 1993), subsidiaries' dependency on the parent company for resources has a substantial influence on the localisation and standardisation of HRM practices (Rosenzweig and Nohria, 1994; Hannon et al., 1995). Resource dependence theory implies that the more the subsidiary is dependent on its HQ for resources, the stronger the latter's control on the subsidiary (Chiang et al., 2017). The level of the subsidiary's dependency on its parent company will influence the extent to which the subsidiary "adopts, implements and internalises practices and ideas transferred by the HQ" (Kostova and Roth, 2002, p. 230). In a review of how global integration and local responsiveness constructs had been conceptualised in IB literature, Chung (2018) found two broad categories: environmental pressures and managerial responses. These responses were conceptualised by dependency. Harzing (2000) identifies three different forms

of dependency: first, independence, where the subsidiary is hardly reliant on HQ; second, dependence, where the subsidiary is primarily dependent on HQ; and third, interdependence, where the subsidiary and HQ depend on one another. The following section is a review of resource dependence theory and how it is framed in this research.

2.2.3. Resource Dependence Theory

Incorporating resource dependency theory with institutional logic is a particularly powerful way to understand and better conceptualise the orientations of overseas subsidiaries' HRM practices. This will not only supplement our knowledge of how actors manage and respond to the institutional complexity caused by multiple institutional logics and what mechanisms of control they use, as explained by institutional logics, but it will also take a further step to explain why they respond the way they do by investigating their level of dependency on other actors, in other words, the actors who hold the sources of power/agency. In addressing and combining the how and why, the research will unpack the complexity of actors' responses, and thus their influence on the localisation and standardisation of the subsidiaries' HRM practices.

Moreover, dependency is associated with the parent company's motives for investments. According to Wilkinson, Wood and Mehmet (2014), EMNCs such as the Chinese invest in other countries to overcome some of the common challenges they face: a shortage of international managerial expertise, lack of critical technologies, knowledge gap and poor image. Therefore, they depend to a large extent on the host country for different resources and to obtain legitimacy

(Pfeffer and Salancik, 1978). For example, CMNCs facilitate their subsidiaries' operations by depending on host-country nationals (Fan et al., 2013). However, the level of dependency might differ between the subsidiaries from a different mode of establishment. Both resource dependence theory (Pfeffer and Salancik, 1978) and IHRM researchers (Taylor et al., 1996) argue that the different establishment modes of the subsidiaries will influence HRM practices overseas.

Both Chinese greenfield subsidiaries and brownfield or acquired subsidiaries have different motives and different resources to depend on; these are also different from MNCs from DMs. Due to the strong role of the Chinese government in the investment decisions of their MNCs (Cooke et al., 2015), the interest of the investment might be strongly led by state political ideology and Chinese cultural values. Based on their context-sensitive interests, resource dependence theory will supplement our understanding of how CMNCs manage their IHRM practices and employees in overseas subsidiaries. And because CMNCs, as mentioned above, are still developing and experiencing many changes (Zhu, 2019), their level of dependency on the subsidiaries could change, and therefore their influence on HRM practices. Therefore, resource dependency will contribute to unpacking the dynamic nature of the orientations of the HRM practices of the CMNC subsidiaries.

Institutional theory and resource dependence theory both suggest that organisations seek to obtain legitimacy (Oliver, 1991; DiMaggio and Powell, 1983; Pfeffer and Salancik, 1978) and assume that firms are driven by interest (Hinings and Greenwood, 1988). However, the source of agency, particularly

sources of power, is still not well recognised in the institutional logics perspective, and the latter is not capable of strong theorising. In a thorough review of the use of power in institutional analysis, Lawrence (2008, p. 171) notes that "there has been little recognition of the fundamental role of power". Despite the call to consider the role of power in the institutional perspective (e.g. Lawrence, 2008; Rego and Steger, 2019; Munir, 2015), this has been met with little response. Moreover, power and interests within MNCs and particularly in IHRM, have hardly been addressed and are not sufficiently explored by these institutionalist authors.

Power is generally understood as actors' ability to make others do things they would otherwise not do (Pfeffer, 1992; Gehman, Lounsbury and Greenwood, 2016). Power is apparent when actors use their sources of power to reach their interests (Pfeffer, 1992), which could be driven by their dominant logic. Sources of power include decision-making authority, physical resources, knowledge and expertise, and support (Pfeffer, 1992; Clegg, Courpasson and Phillips, 2006).

Resource dependence theory is based on the basic notion of power in relationships. It argues that power is centred around the control of resources that are deemed critical within the organisation (Pfeffer and Salancik, 1977; Casciaro and Piskorski, 2005). Resource dependence theory was introduced by Pfeffer and Salancik in the 1970s, based on Emerson's (1962) work on power and Thompson's (1967) work on organisational environments that define interactions between actors. Resource dependence is when one organisation has to be dependent on another organisation for a resource. Under this theory,

resources and power are interconnected and can explain the behaviour of firms. In the institutional literature, the relative power and dependence of a firm influence its conformity to institutional pressures; in other words, the more dependent a firm is on a legitimating actor, the more it will comply (Meyer and Zucker, 1989; Rosenzweig and Singh, 1991). In the same vein, Horwitz, Kamoche and Chew (2002) found that the relative power of one party over the other may influence the direction of diffusion of particular practices, such as reward systems. Therefore, resource dependence theory complements institutional perspectives by incorporating power as a source of agency formed by resource dependency (Casciaro and Piskorski, 2005). Although resource dependence theory is regarded as an effective perspective to identify the "situations in which MNCs will exercise control over the SIHRM system of their affiliates" (Taylor et al., 1996, p. 960), generally, resource dependence theory is hardly used in EM qualitative research (Luo and Zhang, 2016) or combined with institutional logics, despite the fact that it makes a powerful contribution to IHRM literature, as explained above.

Navigating institutional complexity and the pressure due to multiple institutional logics and dependency requires a watchful response to gain and maintain legitimacy that is constructed differently in different national settings (Vermeulen et al., 2016). Some scholars have suggested different responses to institutional complexity (e.g. Kraatz and Block, 2008; Pache and Santos, 2010; Greenwood et al., 2011; Smets et al., 2015). However, Oliver's (1991) seminal study is one of the most influential works concerning organisational responses

to institutional pressures, which combines neo-institutional theory (isomorphism) with resource dependence.

Oliver (1991) suggests that a firm's dependence on actors for resources influences its decision to become isomorphic. Organisations' responses to institutional complexity are influenced by their dependence on critical institutional actors (Edelman, 1992; Dobbin, Sutton, Meyer and Scott, 1993). When a firm's dependency is high, it will incline to comply; if dependency is low, firms may possibly resist or manipulate the environment. Oliver (1991) offers a typology of organisational responses to institutional pressures. She suggests that firms do not always acquiesce when faced with institutional pressure; however, they try to compromise, use avoidance tactics, find ways to manipulate sources of demands, or ignore or defy institutional pressure.

Based on the work of Oliver (1991), Kostova and Roth (2002) and Ferner et al. (2005) study subsidiaries' and managers' responses to HQ when they seek to transfer practices. Kostova and Roth (2002) investigate the various subsidiaries' adoption responses and found that subsidiaries incline to ceremonially adopt parent-company practices when they are not sufficiently favourable to local institutional environments. Ferner et al. (2005) examine how diversity management practices were resisted, avoided or accommodated by the British subsidiaries' management of US MNCs. Although the previous studies focus on the responses of subsidiaries' management to parent-company pressure, Tempel et al. (2006) concentrate on the responses of the subsidiaries' management to HQ and host-country pressures. They note that subsidiary managers adopted

various strategies to satisfy institutional internal and external pressures simultaneously. Although Oliver's (1991) framework helps identify the form of response, it needs further explanation and elaboration to ascertain the conditions and situations in which actors will adopt these forms of response, by not depending solely on neo-institutionalism, but by extending our understanding through the use of institutional logics.

In sum, actors' responses are influenced by resource dependence (i.e. actors who hold sources of control/power), which influences the level of control exercised by the subsidiaries and parent companies. Also, actors' responses are influenced by the embeddedness of institutional logics, in which actors can use the different logics' formal and informal mechanisms of control over the subsidiaries and parent companies. Therefore, by their influence in the control aspect, institutional logics and dependency can shape the actors' responses to institutional complexity in order for actors to achieve their interests and gain legitimacy.

Complementing institutional logics as the main theory for this research with resource dependence theory will not only offer an understanding of how the actors interpret multiple logics and dependency, which shapes how they respond to institutional complexity, but it will acknowledge and explain the complexity of HRM orientations and conceptualise them further by addressing their dynamicity**.**

Due to the lack of IHRM research examining and unpacking the complexity of actors' different interpretations of and responses to institutional complexity, it is essential to develop a more dynamic understanding of how actors experience institutional complexity and their influence on the orientation of HRM practices. Actors, whether institutional or social, can play a critical role in shaping subsidiaries' HRM practices. The section below reviews the key institutional and social actors considered for this research.

2.2.4. Actor-Focused Approach: Institutional and Social Actors

2.2.4.1. Institutional Level Actors: Home-country and Host-country Perspective

Home-country and host-country institutional environments have been a central part of the debate in the IHRM literature and have been identified as the major factors shaping and implementing HRM strategies and practices (Rosenzweig and Nohria, 1994; Ferner, 1997; Rowley and Benson, 2002; Gamble, 2003; Farley et al., 2004; Hillman and Wan, 2005; Pudelko and Harzing, 2007; Smale, 2008; Harzing and Noorderhaven, 2008; Almond, 2011; Cooke, 2012; Zhu and Jack, 2017). Institutional theorists place emphasis on the impact of national institutions on organisations' practices (DiMaggio and Powell, 1983). MNCs' subsidiaries face institutional pressure and contradictory or competing institutional logics while securing and maintaining legitimacy (Rosenzweig and Singh, 1991; Kostova and Roth, 2002). The MNC parent company may push for the adoption of their HRM policies and practices. Simultaneously, the host

country may enforce serious constraints on MNCs, forcing the parent company to adopt many local management policies and practices.

From the country-of-origin and ownership perspective, multiple factors influence HRM practices at the subsidiary level, including national culture (Hofstede, 1993), the national business system (Whitley, 1992), systemic, societal and dominance effects (Smith and Meiksins, 1995), and economic strength and global image (Thite, Wilkinson and Shah, 2012; Muller-Camen, Almond, Gunnigle, Quintanilla and Tempel, 2001). The country-of-origin effect was identified in a study of CMNCs in Australia in relation to different phenomena: the transfer of the home-country management model, the transfer of management ethos and ownership nationality (Zhu et al., 2014). The nationality of ownership is an important element of MNC behaviour (Rosenzweig and Nohria, 1994), as country of origin does not always equate to country of ownership, and their effect is complex to trace.

However, one of the most significant factors of country of origin and country of ownership is the company's corporate control by the MNC parent company (Chang and Taylor, 1999; Ferner, Quintanilla and Varul, 2001; Collings, 2003; Chang et al., 2009). Control is defined as the processes of the MNC parent company in determining or affecting what subsidiaries can do (Chang et al., 2009). Parent companies can exercise different levels of and approaches to control over their foreign subsidiaries that involve the standardisation of HRM practices. Several factors influence the level of control, such as the motives of investments (Cooke and Lin, 2012), entry mode (Fan et al., 2012), business

integration (Myloni, Harzing and Mirza, 2007), communication frequency (Chiang et al., 2017), international business strategy mindsets (Fan et al., 2013) and also the level of dependency on the subsidiaries, as explained in section 2.3.3 (Rosenzweig and Nohria, 1994; Hannon et al., 1995; Kostova and Roth, 2002; Chiang et al., 2017).

Corporate control towards managing subsidiaries' HRM has been classified into four main approaches: ethnocentric, polycentric, regiocentric and geocentric (Perlmutter, 1969; Heenan and Perlmutter, 1979). An ethnocentric strategy is where a parent company increases its control to globally integrate subsidiaries at the expense of local responsiveness. Polycentric and regiocentric approaches are where the parent company allows for more local responsiveness at the expense of global integration. In contrast, a geocentric strategy balances global integration and local responsiveness (Horwitz et al., 2002). However, Perlmutter's typology (1969) does not offer a precise or adequate explanation of the management and shaping of MNC subsidiaries' HRM practices. In fact, parent companies can choose to have centralised control over their foreign subsidiaries (Chang et al., 2009) or give them autonomy and follow a light-touch approach (Liu and Woywode, 2013). However, when more control is given to the host country, the parent companies might be concerned about losing control when they adapt to new environments. Evidently, the process is more complicated than that which is presented in the existing research.

The control approach, through which the parent company exercises influence on the orientation of subsidiaries' HRM practices, can take different formal and

informal forms. Parent companies use control mechanisms to exercise control and influence over what their subsidiaries can do (Huemer, Bostrom, and Felzensztein, 2009). In his comprehensive review of MNC control literature, Quintanilla (2002) concludes that MNCs apply formal and informal control mechanisms. These mechanisms are associated with the corporation logic's formal and informal forms of control with both material and cultural symbolic dimensions, as explained in section 2.3.2.1. Martinez and Jarillo (1989) argue in favour of shifting from formal control mechanisms such as centralisation to informal control such as organisational culture, which has gained acceptance as a control mechanism (Jaeger, 1983).

However, when using organisational culture as control mechanisms, the parent companies might be challenged with cultural incompatibility when attempting to transfer and implement home-country HMR practices to their overseas subsidiaries (Jain, Lawler and Morishima, 1998) (explained in section 2.3.2.1). The direct adoption of the parent company's or home country's HRM practices without adaptation may be seen as undermining host-country values and norms and enforcing a foreign culture (Jain et al., 1998). MNCs will aim to implement their HRM practices if they are culturally sensitive, as is the case with CMNCs. In China, cultural norms (i.e. *guanxi*) have received increasing interest (Gu and Nolan, 2017) and can play a more critical role than regulations in managing subsidiaries' operations and practices (Peng, Wang and Jiang, 2008). *Guanxi*'s meaning is more complicated than its English equivalents, relationship and network. It symbolises interpersonal relationships and semi-family principles (i.e. responsibility for co-workers and managers and community identity)

ingrained in the workplace (Xiao and Cooke, 2020). Consistent with the call for contextual IHRM research (Cooke, 2018), the MNC parent company is considered a critical institutional actor (Child and Tsai, 2005; Cooke and Lin, 2012; Zhang et al., 2014; Cooke et al., 2015) that needs further explanation. How parent companies respond to and manage institutional complexity to stabilise their control over their subsidiaries and gain legitimacy and how that influences HRM practices has not been sufficiently understood in previous studies and is ripe for further investigation.

Continuing with the home-country perspective, another critical institutional level actor is the home state. It has been argued that there is limited government involvement in the operations of Western-origin MNCs compared to the substantial role that the Chinese state plays in supporting CMNCs to go global (Luo, Xue and Han, 2010; Cooke and Lin, 2012). For example, the Chinese government's policies and initiatives (such as BRI) continue to support the internationalisation of CMNCs. They are developing at different paces due to the varying industrial policies adopted by the Chinese government (Cooke, 2014). In fact, the Chinese government actively supports and protects vital industries such as IT/telecoms and energy. Moreover, some argue that it is doubtful that CMNCs would be able to compete internationally without government support (Nolan, 2001; Zhang et al., 2014). Zheng (2013) states that if EMNCs received strong state support to internationalise, their IHRM policies and practices would become ethnocentric, and there would be strong state and HQ control over subsidiaries. It could be argued that this might not be accurate because, in many studies regarding EMs, such as CMNCs in the UK and other

developed countries, they mainly adopted the host country practices, even with strong support from the state.

In addition, China is a one-party state, and its economy is primarily politically driven by the Chinese Communist Party (CCP), who were actively involved in promulgating the Labour Law of 1994 (Markel, 1994). Therefore, state influence and control are manifested in decisions related to the foreign subsidiaries' HRM practices (Cooke et al., 2015). The role of the state can be critical in shaping HRM in Chinese firms, both SOEs and private-owned enterprises (POEs) (Cooke, 2011; Cooke et al., 2015). Nevertheless, it has received limited attention in IHRM literature (Budhwar and Debrah, 2001; Wang and Wang, 2006; Mellahi, 2007; Rees, Mamman and Braik, 2007; Cooke, 2011; Cooke and Lin, 2012). Wilkinson et al. (2014) point out that the political dimension is largely ignored in the IHRM literature, particularly in the EMNC context (Luo and Zhang, 2016). Hence, the role of the home government should receive more attention, especially when studying CMNC subsidiaries. State influence on HRM practices can be investigated from different perspectives. First, it is possible to examine how the state's support for the parent companies and their overseas subsidiaries influences the subsidiaries' HRM practices: the level and type of support might indicate the level of the subsidiary's dependency on the parent company. Second, it is possible to explore how the CCP's political interests and values can be represented in the management of the subsidiaries' employees. The influence of the state might not have a direct impact on the subsidiaries; instead, the parent company might translate state influence through their control over the overseas subsidiaries. The different control mechanisms

used to exercise influence on the orientations of the HRM practices need further investigation.

Overall, prior research in the international business literature has established the government (Wang, Hong, Kafouros and Wright, 2012) and the MNC parent company (Edwards et al., 2007) as influential actors. Yet researchers have not sufficiently identified and examined the different ways in which these actors influence the formation of subsidiaries' HRM practices, particularly in the China-UK context. Therefore, it could be argued that the home country's influence on the HRM practices of EMNCs such as CMNCs has been examined in a superficial manner and has lacked deep contextualisation. This has led some researchers to the view that the country-of-origin or the country-of-ownership effect of EMNCs is much less evident in the developed country subsidiaries (Andreeva, Festing, Minaeva and Muratbekova-Touron 2014; Wilkinson et al., 2014; Mellahi et al., 2016). It has also led to underestimating the country-of-origin effect compared with other factors (e.g. Gamble, 2003; Shen et al., 2005; Almond, 2011), and to an assumption that EMNCs model or re-export global best and Western practices to their subsidiaries instead of transferring home-country practices (Cooke, 2014). The reason for that is the assumption that the country-of-origin effect is more likely to be strong if the MNC is from a dominant country in comparison to MNCs from non-dominant countries where their management systems are less likely to be exported. It is also because there is hardly any evidence that CMNCs engage in advanced sets of HRM practices that demonstrate adding value to the organisation or even evidence of newly developed HRM approaches (Brewster et al., 2008). Since CMNCs lack

international experience (Fan et al., 2013), they may lack HRM approaches to fully develop the capabilities of their subsidiaries' employees (Jack, Huang, Sun and Guo, 2019). However, these assumptions can be challenged as Chinese firms establish a firmer footing and seek more control over their subsidiaries.

Moving to the host-country perspectives, when MNCs enter a foreign country, they are required to alter their HRM practices to respond to local demands and expectations, even if it entails relinquishing well-established organisational practices (Wilkinson et al., 2014). Therefore, MNCs need to better understand how the host country influences their subsidiaries' HRM practices. Subsidiaries' HRM practices can be influenced by openness of the national business system of the host country, the host country's institutions and culture (Schuler et al., 1993; Rosenzweig and Nohria, 1994), and political, legal and economic factors (Welch, 1994; Shen et al., 2005). However, local regulations are one of the most influential environmental pressures on subsidiaries' HRM practices and may prevent the parent country from diffusing their HRM practices to their foreign subsidiaries (Schuler et al., 1993; Taylor et al., 1996; Gamble, 2003; Chang et al., 2009). Myloni et al. (2007) found that practices that did not fit well with the local regulations were not successfully implemented. For instance, the influence of labour law in the UK, including the regulation of employment practices (e.g. fair labour practices, recruitment and selection, determination of pay and dismissal law), is essential (Horwitz et al., 2002). The need for CMNCs to comply with UK employment legislation is a significant factor accounting for the adoption of UK employment practices and for the appointment of local HR managers (Zhang, 2003).

Subsidiaries tend to comply with local practices in response to employment legislation in order to gain legitimacy and acceptance. Regarding the influence of other host-country factors, Kostova et al. (2008) argue that MNCs are protected and sometimes even exempted from institutional pressure. Since the parent companies comply with regulatory rules (institutional coercion), they have institutional freedom to choose the level of responsiveness to the local institutional (Kostova et al., 2008). Some research confirms this view by demonstrating that MNCs' HRM is distinct from rather than similar to that of the host country (e.g. Brewster et al., 2008; Fenton-O'Creevy, Gooderham and Nordhaug, 2008).

The level of freedom to choose local responsiveness can differ according to context. For example, the conflicts that subsidiaries face are mainly caused by not complying with local law, but they are also caused by ignoring local norms and cultures (unwritten rules), which sometimes have an equal or more significant influence than written regulations in the UK (Estrin and Prevezer, 2011; Khan et al., 2019). This is particularly true in the acquired subsidiaries in which organisational culture is embedded and strongly influenced by national culture. This level of freedom from or compliance with local cultural values (unwritten rules) can be used by the subsidiary social actors (local or expatriate) to determine the level of standardisation and localisation of HRM practices that will be upheld. Therefore, the legitimacy of the HRM of the parent company can be confronted by subsidiary social actors concerning their appropriateness under the influence of the logics in which they are embedded and the logics they carry (Blomgren and Waks, 2015; Wheeler, Buckley, Halbesleben, Brouer and Ferris,

2005). Therefore, their agency inside the subsidiary is of critical importance. The following section reviews the subsidiary social actors.

2.2.4.2. Subsidiary Social Actors

Scholars stress the importance of investigating the role of subsidiaries social actors, who are in a position to influence organisational practices (Björkman, 2006; Rupidara and Mcgraw, 2011; Kostova et al., 2016). All actors have some level of agency and sources of agency. However, the degree of agency differs significantly between actors (Scott, 2008). Agency refers to the actor's ability to influence the social world and change the rules (Scott, 1995). Agency placed within individuals should not be underestimated (Gamble, 2003). Subsidiary social actors include senior managers (local), expatriate managers and HR managers and employees.

Local senior managers influence subsidiaries' HRM policies and practices based on their perceptions of local HRM systems, their "taken-for-granted views" in these practices and through their position in the decision-making process (Schuler et al., 1993; Shen et al., 2005; Björkman et al., 2007; Chung et al., 2012). They are considered carriers of their environment logics (practices and culture); hence, they tend to maintain and localise the practices. Also, if host countries' employees possess several sources of control/power, they can use them to prevent practices from being transferred and help local isomorphism (Gamble, 2003). These sources of control/power and the mechanism in which they localise or maintain the localisation of the subsidiaries' HRM practices need

to be investigated, whether subsidiaries have a high or low representation of host-country nationals in the subsidiary management.

Local senior managers are also considered to be interpreters who respond to their context and to pressure from and the expectations of the parent company, thereby providing the link between the subsidiaries and their environment (Scott, 2008). Therefore, it could be argued that local managers can also play a role in transferring or adopting some of the parent company's HRM practices that might be in conflict with local norms. Mayrhofer et al. (2019) question the extent to which managers can behave beyond the cultural and institutional norms and yet remain effective. Some factors have been identified in previous studies that influence the local management to adopt parent-company practices, such as frequency of communication with HQ (Rosenzweig and Nohria, 1994). Nevertheless, the reasons and the mechanisms by which local social actors exert influence on the standardisation of HRM practices have been ignored or not sufficiently addressed in previous research. Instead, the focus has primarily been on the role of the expatriates.

CMNCs are known to use expatriates extensively as they tend to appoint Chinese managers to decision-making positions in their foreign subsidiaries, even in DMs (Shen and Edwards, 2004; Zhu et al., 2014; Zhu and Jack, 2017). Expatriates have established institutionalised views on what constitutes the best HRM practices. Their views on what HRM practices are appropriate to be transferred are influenced by their home-country institutional context (Edstrom and Galbraith, 1977; Ferner, 1997; Almond et al., 2005). Therefore, the diffusion

of parent-company HRM practices appears to derive mainly from "taken-for-granted assumptions, rather than consciously strategic choices" (DiMaggio and Powell, 1983, p. 149). Consequently, their presence in the subsidiary is related to a high level of MNC standardisation and an indication of the degree of control the MNC wants to exercise (Björkman and Lu, 2001). Some scholars argue that subsidiaries with a high number of expatriates are more likely to adopt parent-company practices (e.g. Rosenzweig and Nohria, 1994; Björkman et al., 2008). In the same vein, a study by Gamble (2003) reveals that even a few expatriate managers can have a significant influence.

Individuals such as expatriates have become crucial to the discussion of control in terms of how they can be used to manage relations between HQ and subsidiary (e.g. Harzing, 2001; Zhu et al., 2014). For example, expatriates distribute explicit knowledge using different methods such as introducing and distributing employee handbooks, training manuals and standard operating procedures (Chung et al., 2014). According to a number of studies (Fan et al., 2013; Zhu et al., 2014; Zhu and Jack, 2017), the expatriate managers' mindset is the main mechanism of the country-of-origin effect in CMNC subsidiaries. As expatriate managers are subjected to a high level of decision-making autonomy regarding HRM issues (Zhu et al., 2014), their managerial mindset may be a substitute for the parent company's control mechanism and can be considered as one of the mechanisms of the country-of-origin effect. It can be argued that insufficient attention has been paid to the manifestation of implicit forms of the country-of-origin effect except for a few studies (e.g. Almond et al., 2005; Tüselmann, McDonald and Thorpe, 2006; Zhu et al., 2014).

By the same token, Kamoche (2011) calls for more research to explore other roles of expatriates, for example, to establish the extent to which expatriates act as "boundary-spanners". Recent studies have responded to this call (Khan et al., 2019; Meyer, Li and Schotter, 2020). These studies refer to the use of expatriates as boundary-spanners who can help promote communication and improve integration. This can make introducing standardised HRM practices more manageable. However, the level of influence and indirect control that the expatriate has is based on their willingness, socialising level and ability to embed essential values in a subsidiary (Fenwick, De Cieri and Welch, 1999). Areas linked to the institutional logics' cultural symbolic dimension, such as communist ideology and parochialism mindsets, need to be further explored to investigate the role they play in standardising HRM practices.

Furthermore, an area of research that scholars have overlooked is the developed capabilities of expatriates to interpret what is most appropriate for their overseas subsidiary instead of blindly following and implementing the parent company's practices. This is true when expatriates have international experience and exposure to different and maybe conflicting institutional environments and logics. Thornton and Ocasio (2008) argue that exposure to institutional logics in multiple and different environments enhances understanding and experiences with conflicting logics, which reduces actors' embeddedness**.** Consequently, they can contribute to the localisation of HRM practices, mostly if they work in the HR department.

Previous research has examined the roles played by the HR function in subsidiaries (Ferner and Varul, 2000; Björkman et al., 2007). For example, Thite, Budhwar and Wilkinson (2014) report on the constraints facing HR functioning in the HQ, Welch and Welch (2012) examine the roles of HR managers in an international project setting, and Farndale, Scullion and Sparrow (2010) study the corporate HR function role in global talent management. Hence, the HRM department in foreign subsidiaries plays a crucial role, and if it is valued and rooted in international knowledge exchange relationships, it will have more influence over the design of HRM practices (Björkman et al., 2007). One of the most challenging roles for HR managers in MNC subsidiaries is to balance the local expectations of the institutional environment to maintain legitimacy and the standardisation pressure of parent companies to meet their demands. During this process, HR managers must make many decisions related to what HRM practices and policies need to be localised and what can be standardised. To successfully manage the pressure, HR managers of subsidiaries, whether Chinese or local, use different mechanisms and tools and maybe manipulate and find creative ways to shape and reshape HRM practices. This part of their role has received relatively scant attention, if any. Therefore, there is a need to further knowledge of how HR managers perform their roles in that matter and how this could also differ depending on whether the HR manager is local or expatriate. Balancing the pressure might require considering the opinions of subsidiaries' employees.

In most cross-national research, employees' voices and perspectives have generally been ignored (Gamble, 2003), with the possible exception of a small

number of studies (Clark, Gospel and Montgomery, 1999; Chang and Smale, 2014). Kamoche and Siebers (2015, p. 2720) state that "there are multiple voices and narratives within this space – some dominant, others passive". Studies on HRM practices often disregard the "voice of those at the receiving end" (Clark, Mabey and Skinner, 1998, p. 10). Although employees often lack the power to make changes (Maguire, 2007), a case may be made to examine whether the less powerful actors can maintain, reject or introduce changes to HRM practices, particularly when the subsidiary considers employees' voices.

Overall, despite the potentially significant influence of subsidiary social actors on subsidiary-level HRM practices, the existing literature has placed less emphasis on their influence. However, this research is concerned with understanding and explaining the design of HRM practices at the subsidiary level and allowing the employees to provide their own accounts and interpretations of how that takes place.

In view of all that has been mentioned so far, to better understand and unpack the complexity of HRM practices' orientations, there is a need for significant focus not only on the influence of macro-level actors but also on investigating and integrating the influence of actors from a micro-level (individuals). The interaction between these different levels can generate further layers of complexity. This research has identified a number of actors that could influence the orientation of the subsidiaries' HRM practices. At the macro/institutional level, MNC parent company, home state, and host-country government have been identified as institutional actors. At the subsidiary level, senior managers,

both local and expatriates, HR managers and non-managerial employees, both local and expatriates, have been identified as subsidiaries social actors. Institutional actors are associated with institutional logics that are embedded in the firms and carried by individuals, locals and expatriates (Blomgren and Waks, 2015; Wheeler et al., 2005). Therefore, it can be argued that the orientation of CMNCs' subsidiaries' HRM practices is mainly an outcome of the influence from the institutional actors and subsidiaries social actors. More specifically, it is an outcome of the interaction between social actors' agency and institutional structures (Friedland and Alford, 1991; Thornton and Ocasio, 1999).

2.3. CHAPTER SUMMARY

This chapter has reviewed the literature on the IHRM of MNCs. It primarily focuses on MNCs from an EM, particularly CMNCs operating in DMs (i.e. the UK). This chapter assesses the standardisation and localisation perspective by reviewing the key theoretical IHRM frameworks, empirical studies and IHRM literature. The assessment reveals that despite the current empirical and theoretical developments in the localisation and standardisation literature, these developments have mainly been based on evidence from MNCs from advanced economies (e.g. Schuler et al., 1993; Tayeb, 1998; Ferner and Edwards, 2004; Ahlvik and Björkman, 2015). The current research overlooks the complexity and the highly dynamic and constantly evolving nature of the localisation and standardisation orientations of subsidiaries' HRM (Gamble and Huang, 2009; Brewster et al., 2016; Zhu, 2019) and ignores the developing nature of CMNC management practices (Zhu, 2019). The lack of deep contextualisation was highlighted, and an emphasis was placed on the need for sufficient recognition

and appreciation of the role of context (Meyer, 2006; Tsui, 2009; Cooke, 2018). Moreover, up until now, IHRM researchers have paid relatively little attention to the role of different actors from different levels in shaping subsidiaries' HRM practices, more precisely social actors (Björkman, 2006; Björkman and Welch; 2015; Brewster et al., 2016). Therefore, to date, theoretical development in HRM in CMNCs has been described as being extremely weak and characterised by inadequate theorising (Siebers et al., 2015; Budhwar et al., 2017; Cooke et al., 2019).

To address this issue, this chapter reviews one of the primary theoretical lenses adopted in IHRM research. Institutional theory is increasingly applied in IHRM research to explain the standardisation pressure from the home country and localisation pressure from host countries to secure legitimacy (Björkman, 2006; Brewster et al., 2008; Kostova et al., 2008; Cooke et al., 2019). A critical review of its application in IHRM has revealed several limitations. Since institutional theory is rooted in neo-institutionalism, it has not been fully applied in IHRM research. Its application could extensively expand the limited understanding of the complexity of the orientation of subsidiaries' HRM practices. The research suggests that institutional logics should be used to advance research on IHRM and MNCs and push institutional theory work forward.

Institutional logics is a powerful perspective in realising and explaining the institutional complexity and challenges MNCs' subsidiaries face due to incompatible prescriptions from multiple institutional logics from home-country and host-country actors (Wright and Mcmahan, 1992; Kraatz and Block, 2008;

Greenwood et al., 2011). It is a context-sensitive theory that provides sources of legitimacy, incorporates the notion of embedded agency, and acknowledges the logics' material and cultural symbolic dimensions (Thornton et al., 2012). However, a subsidiary's HRM practices are influenced not only by the extent to which they are embedded in a particular environment (DiMaggio and Powell, 1993) but also by the actors' dependency on other actors who hold the sources of power (Rosenzweig and Nohria, 1994; Hannon et al., 1995). Therefore, resource dependence theory is adopted in this research by incorporating power (as a source of agency) to unpack the sources of agency that are still not well recognised in the institutional logics perspective. Faced with pressure caused by multiple institutional logics and dependency, actors will need to respond carefully when navigating institutional complexity to gain legitimacy. This will develop a more dynamic understanding of how actors experience institutional complexity and unpack the complexity of their responses and their influence on the orientations of HRM practices.

Overall, this chapter argues in favour of building a more nuanced conceptualisation of IHRM concerning the localisation and standardisation debate. This debate can be theoretically developed by considering the unique features of CMNCs while challenging the dominant assumptions regarding the way EMNCs manage their human resources. This chapter has further emphasised the importance of investigating the significant role of actors from different levels, in particular the agency of the social actors in shaping subsidiaries' HRM practices and shifting the focus from the influence of structures to the influence of individuals.

Finally, this chapter argues in favour of complementing institutional logics as the main theory for this research with resource dependence theory. This will not only offer an understanding of how the actors interpret multiple logics and dependency, which shapes how they respond to institutional complexity, but it will also acknowledge and explain the complexity of HRM orientation and conceptualise this further by addressing its dynamicity. This will enable a more coherent analysis and can further enhance theoretical development in the institutional theory-IHRM nexus.

The following chapter explains the methodological underpinnings of this research by discussing the research approach, strategy and design, and the chosen methods, and elaborates in detail on the data collection and analysis processes.

CHAPTER 3: METHODOLOGY

3.0. INTRODUCTION

Research can be defined in different ways, and there is no apparent agreement as to its definition. However, according to Amaratunga, Baldry, Sarshar and Newton (2002, p. 17), there is a widely accepted understanding that "research is a process of enquiry and investigation; it is systematic and methodological, and research increases knowledge". Research is conducted in order to find something new using rigorously developed methodology and a thorough assessment of the evidence and claims (Hughes and Sharrock, 1997). Overall, as stated by Terre Blanche and Durrheim (1999), the research process consists of three main pillars: ontology, epistemology and methodology.

This chapter explains the research methodology of this thesis and the rationale behind it. First, the chapter introduces and discusses research paradigms and philosophies (ontological and epistemological assumptions) to increase our understanding of the phenomena and the context of this research. Then, the inductive research approach to theory development and data analysis, the research strategy and the issues involved in choosing the case study research design are discussed. Attention then turns to a discussion of the research methods chosen, as well as data analysis techniques and process, quality criteria and ethical considerations. It concludes with a summary of the methodological limitations of the study.

3.1. RESEARCH PARADIGMS AND PHILOSOPHIES

Researchers in social science, in general, try to adopt the best philosophy for their research. However, there is no overall "best philosophy" because the philosophy should reflect the researcher's beliefs, assumptions and research paradigms. Research paradigms are called worldviews (Creswell, 2014) and are a set of philosophies regarding how the world operates and a person's position in it (Guba, 1990). Research paradigms refer to researchers' ontological and epistemological views (Denzin and Lincoln, 2008), which are the two main research paradigms in social sciences.

Researchers need to ascertain their beliefs (ontology and epistemology) before deciding on their actions (methodology). Therefore, the research paradigm offers guidelines on how research could be conducted (Prasad, 2005). The paradigms guide the ontological and epistemological assumptions that underpin this research, as discussed in the following section.

3.1.1. Ontological Assumptions that Underpin this Research

Ontology is concerned with the kind and nature of the world and existence and the reality structure that researchers are exploring (Guba and Lincoln, 1989). Many ontological positions exist, and according to Burrell and Morgan (1979), two distinct positions are key to ontological debate: nominalism (socially constructed) and realism. To analyse the ontological assumptions underpinning this research, it is essential to start from the research questions and objectives. The aim of this research is to study how do institutional and subsidiary social

actors influence the orientations of subsidiaries' HRM practices while navigating the institutional complexity caused by multiple logics and dependency. The central focus of this research is the orientations of HRM practices in terms of localisation and standardisation.

Many scholars have defined practice in different ways. MacIntyre (1981) defines it as a consistent and complex formation of socially established individual actions, while Wenger (1998, p. 47) states that practice is "doing, but not just doing in and of itself. It is doing in a historical and social context that gives structure and meaning to what people do". In this sense, practice is a social phenomenon, and it has become critically important for work and organisational researchers. Aside from how researchers view practice, it could be argued that HRM practice is not an external reality existing independently of humans'/employees' beliefs or understanding – i.e. it is not realism, but rather nominalism (idealism).

Context plays a significant role when exploring the orientations of HRM practices in a multinational setting. It cannot be considered as an object that can be isolated from other actors, such as social actors, organisations, institutions, contexts or cultures. In fact, HRM practices can exist in reality as long as the other social actors and structures exist in the process. Without humans and context, practices do not exist. Thus, HRM practices cannot be understood without their being positioned in specific places, times and contexts.

Context such as MNCs, subsidiaries, home country and host country can be considered as a site when the practices are socially constructed. It could be argued that a corporation is a collection of different HRM practices that are carried out by social actors, culture and regulations. Those practices are also associated with different institutional logics and their material and symbolic cultural dimensions. Institutional logics demonstrate social constructions. They have been constructed, maintained and altered over time through social interaction. The philosophical roots of institutional theory follow German idealism, and institutional theory is based on Berger and Luckmann's (1967) social constructionism. Institutional theory is a way to understand firms and management practices as a social product rather than economic demands (Suddaby, 2013). Hence, institutional scholars agree that the world is primarily a result of subjective interpretation (Suddaby, 2015).

Institutional logics are presented in the home-country and host-country regulations and cultures and also carried by different social actors, both local and expatriate. The latter have different interpretations and meanings associated with logics that could differ substantially from the home and host countries' context due to institutional, cultural and historical differences. Therefore, HRM practices have specific aims and meaning for corporations and the people working in them. In MNCs, practices can also be developed by individuals adapting or creating their own practices in ways that match not only the wider institutional expectations in which they operate but also their organisational and individual interests. The interests of individuals and actors are also influenced by their dependency on other actors for resources. Central to resource dependence theory

is that one must understand the context of the firm to understand how firms are behaving (Pfeffer and Salancik, 2003). Different organisational behaviours or responses are explained by the differences in individuals' subjective perceptions and interpretations of the environment, which can be related to the differences in the organisational environment. Pfeffer and Salancik (2003, p. 13) state that "organisational environments are not given realities; they are created through a process of attention and interpretation". As long as the environment is dynamic and the actors are embedded in different environmental settings, they will develop a different interpretation of their dependency on other actors' resources. Therefore, HRM practices' orientations are an outcome of actors' multiple interpretations of both multiple logics and dependency.

Based on the above, HRM practices, institutional logics, and dependency are "relativism" that hold multiple realities (Lincoln and Guba, 1985) and are knowable through socially constructed meanings. Therefore, the philosophical, ontological paradigm adopted in this research is social constructionism. Bryman (2016, p. 20) considers this to be "an ontological position that asserts that social phenomena and their meanings are continually being accomplished by social actors. It implies that social phenomena are not only produced through social interaction but are in a constant state of revision". According to this paradigm, people develop a unique view of HRM practices, institutional logics, and complexity according to the interactions, experience and context in which they are situated and embedded. Social constructionism is fundamentally a relativist, anti-realist stance (Hammersley and Atkinson, 2007). Associated with this ontological issue is the second set of assumptions of an epistemological nature.

3.1.2. Epistemological Assumptions that Underpin this Research

Epistemology is defined by Crotty (2003) as an approach to understand and explain how researchers know what they know. Epistemology concerns assumptions about knowledge and all aspects of validity, adequacy, legitimacy, and methods of obtaining knowledge, such as: how we know what we know; what creates knowledge; how knowledge can be acquired or produced; the extent to which its applicability can be determined; and how we communicate knowledge to others (Moon and Blackman, 2014).

The two main research philosophies are arguably positivism and interpretivism (Johnson and Onwuegbuzie, 2004). Positivism is the main quantitative research paradigm, is supported by natural scientists (Creswell, 2014) and is associated with the philosophical position of realism. Remenyi, Williams, Money and Swartz (1998, p. 32) define positivism as "working with an observable social reality where the end product of such research can be law-like generalisations similar to those produced by the physical and natural scientists", which means that positivism is extremely objectivist. The agreed approach in positivism is deductive. It starts by developing a theory, which is then tested, validated or improved (Creswell, 2008). Accordingly, positivists use a quantitative strategy and methods such as surveys to obtain a large amount of data, which they then analyse statistically. They consider this data to be valid because it is a real measure of reality (Weber, 2004).

In contradistinction to positivism, interpretivism has emerged as a way of understanding and explaining human and social reality (Schwandt, 1994).

Interpretivism is associated with the philosophical position of nominalism (*idealism)* and focuses on complexity, richness, multiple interpretation and meaning-making, which means that interpretivism is extremely subjectivist. Interpretivists state that knowledge is constructed through the world's social construction, and it is deliberately created through one's lived experience (Weber, 2004). Therefore, the research object is interpreted through the meaning associated with individuals' experiences. Interpretivists cannot separate the knower and the known; they are highly interdependent, as there is a mutual influence between them (Guba, 1990; Johnson and Onwuegbuzie, 2004; Weber, 2004). Interpretivism tends to adopt the inductive approach and uses a qualitative research strategy and methods such as case studies and ethnographic studies (Creswell, 2008).

The epistemological stance of any research must reflect the researcher's beliefs and assumptions and lead to obtaining knowledge and data about the research object. In this research, context plays a significant role when examining HRM practices' orientations in CMNCs. However, positivism has some limitations when it comes to context assertion (Healy and Perry, 2000). Without considering the context, the researcher will fail to understand how HRM practices are shaped in this research. Positivism also has some other limitations with regards to the epistemological assumptions of this research. It discounts meaning, where meaning is essential in understanding institutional logics, dependency and the influences of institutional and subsidiary actors on HRM practices.

Moreover, positivism has been described as a pure theory-testing paradigm (Healy and Perry, 2000) that verifies a developed hypothesis (Sobh and Perry, 2006). This research, however, is concerned with developing and generating theories. In addition to that, the cases of MNCs are non-reproducible, and this fundamentally rejects the positivist approach. Finally, the nature of HRM practices' orientations is that it is a social phenomenon that cannot be measured, explained or described with numbers. It is a dynamic process constructed by individuals (social actors) in a specific setting and needs to be addressed while exploring people's interpretations and experiences. As mentioned earlier, interpretivism focuses on interpretation and seeks to understand what social realities mean to different people. Thus, to create new, richer understandings and interpretations of this research in its context, epistemologically, this research embraces an interpretivism paradigm.

The interpretivism paradigm is often referred to as Max Weber's concept of "verstehen", meaning "understanding something in its context" (Holloway, 1997, p. 2). Interpretivists aim to understand the development of phenomena through an exploration of individual cases (Crotty, 2003). This research phenomenon can be understood from the perspective of people contributing to it. What constitutes knowledge about HRM practices is how people perceive and understand their reality. Factors such as country, culture, structure, regulations, experience, belief, language and time will have different influences in creating different meanings and interpretations. Interpretivism concentrates on individuals' interpretation of reality, and how they associate meaning to it (Denzin and Lincoln, 2011) then use their interpretation to influence their actions

(Hughes and Sharrock, 1997). Individuals are embedded in different institutional environments and exposed to different logics. They hold different interpretations of and ascribe different meanings to logics (McPherson and Sauder, 2013; Voronov et al., 2013), leading them to deploy them differently. Therefore, they develop and experience different meanings of HRM practice.

For the interpretivists, the social world is fundamentally relativistic. It can be known only from the perspective of individuals involved in the subject and events to be examined. This research seeks to understand and analyse the experiences, interpretations, meanings and views of subsidiaries' employees. Therefore, the researcher interacted with CMNC subsidiary employees who had knowledge and experience of the subsidiary's HRM practices. Employees, in this case, include senior managers, HR managers and non-managerial employees, both locals and expatriates, at CMNC subsidiaries. These subsidiaries act deliberately and make meanings in and through their HRM practices. However, each subsidiary is unique, so it is impossible to generalise the meaning. There are multiple interpretations and perspectives of HRM practice in different situations. These need to be studied from the perspective of the employees rather than the researcher. However, interpretivism also involves researchers interpreting parts of the study; thus, it entails human interest in a study. Arguably, interpretivism consists of three levels of interpretation: the individual's, the researcher's, and the researcher's interpretation of the individual's interpretations (Saunders, Lewis and Thornhill, 2016).

The ontological assumptions of social constructionism and epistemological assumptions of interpretivism influence all aspects of the study, e.g. choosing appropriate research approaches, strategies, design and methods to achieve the objectives, and writing research and analysing findings appropriately in a way that fits with such paradigms. The following section covers the research approach.

3.2. RESEARCH APPROACH TO THEORY DEVELOPMENT

Any study requires the use of theory. However, the degree to which a researcher is certain about the theory at the start of the inquiry raises a central question regarding which reasoning approach to adopt (Saunders et al., 2016).

There are a number of research reasoning approaches; however, the two main approaches are an inductive approach and a deductive approach. The deductive approach is considered to be a process of testing theory. It starts with a developed theory or generalisation and aims to determine whether the theory applies to particular cases (Hyde, 2000). In contrast, in the inductive approach, "the researcher begins with an area of study and allows the theory to emerge from the data" (Strauss and Corbin, 1998, p. 12). The inductive approach seeks to explore meanings, explanations and in-depth descriptions of the context, and highlight the uniqueness of the case under study. The main purpose of the inductive approach is to allow research findings to develop from central themes from the data.

Through ontological social constructionism and epistemological interpretivism and based on the nature of the research, this study adopts an inductive approach. The underlying rationale for this is as follows: a deductive approach tends to build a rigid methodology that does not allow different explanations, and according to this research, interpretivism seeks different, deep and better explanations and interpretations of the research matter; it is therefore better suited to inductive reasoning. In inductive research, the outcome is the research theory. This research seeks to develop a theory and offers theoretical significance and practical interest (Walton, 1985). Moreover, this approach is concerned with the context in which the HRM practices are being shaped. This field of study requires in-depth research, especially with the lack of studies concerning the different actors that influence HRM practices in that context. Finally, this approach establishes strong ties between the study objectives and the findings resulting from the data and confirms that these ties are transparent, defensible and relevant (Thomas and Kilmann, 1983).

This inductive approach is apparent in many qualitative research strategies (Bryman and Burgess, 1994). Researchers using this approach tend to use a variety of qualitative data collection methods and work with qualitative data to establish different views and interpretations of the research phenomena. The research strategy is outlined in the following section.

3.3. RESEARCH STRATEGY

Selecting an appropriate research strategy and data collection methods requires an examination of the research situation. When designing a research strategy,

reasonable and studied decisions must be made about the aim and objectives of the research, the questions to be examined and the available resources for researchers (Amaratunga et al., 2002).

There are two main research strategies: qualitative and quantitative. Two main distinctions between qualitative and quantitative research strategies can be identified. First, qualitative research is often inductive; in contrast, quantitative research tends to employ deductive logic (Frankel and Devers, 2000). Second, qualitative research is often emergent and flexible: the theory developed from the data is subject to change. However, in quantitative research, this is unusual and is considered undesirable because it is difficult to predict and control the context to observe variations.

In IHRM research, quantitative research methods, mainly large-scale surveys, have been the commonly adopted methods, especially in the DM context (Rosenzweig and Nohria, 1994; Gamble, 2003; Cooke, Veen and Wood, 2017), due to the richness of theoretical literature in that context. The methodological gap generated by the intensive use of quantitative methods has been identified by several scholars (e.g. Björkman and Lu, 2001; Stening and Zhang, 2007). Apospori, Nikandrou, Brewster and Papalexandris (2008) call for further qualitative research that concentrates on the content and meaning of an organisation's practices. In the same vein, Welch (1994, p. 140) argues that "there is a need for qualitative studies which explore possible underlying relationships and broaden the focus of examination to include the context in which IHRM activities occur". Although quantitative methods have been the

primary research method used, most HRM studies in EMNCs have adopted qualitative research (Budhwar et al., 2017). However, few HRM studies in EM have used quantitative methods. For example, Chang et al. (2007) adopted quantitative methods to answer "what" questions regarding the transfer of practice, and Farley et al. (2004) used a survey to measure the degree of similarity between the practices in parent companies and subsidiaries.

Given the nature of the study, the philosophical paradigm and the inductive reasoning approach, and to gain a comprehensive picture about the nature and scope of the research phenomenon, an exploratory qualitative strategy is deemed more suitable to understand accurately a comparatively new area and categorise the underlying patterns (Yin, 2018). Van Maanen (1979, p. 9) describes qualitative research as "an array of interpretative techniques which seek to describe, decode, translate, and otherwise come to terms with the meaning not the frequency, of certain more or less naturally occurring phenomena in the social world".

The rationale for choosing a qualitative strategy lies in the following: first, this research aims to answer "how" and "why" questions that are most in need of examination in the case of CMNCs (Marschan-Piekkari and Welch, 2004; Chapman, Mattos, Clegg and Buckley, 2008) and qualitative research can go beyond the "what". Qualitative data collection has been recognised as the best approach for discovery and exploring a new topic, as it offers a more accurate way of assessing causality in organisational studies (Amaratunga et al., 2002). Second, IHRM and MNCs involve complex issues, and the qualitative research

methods give more flexibility, richer data, deeper and stronger understanding and more meaningful findings (Wright, 1996) and can generate detailed data from a small number of individuals (Patton, 2002). Third, researchers use qualitative strategy in research areas where the current theoretical literature is not sufficiently captured (Frankel and Devers, 2000). The field of IHRM, as many scholars have indicated, is still unexplored or under-researched and lacks theoretical understanding in EM (Zhang, 2003; Shen et al., 2005; Chang et al., 2009; Zhu et al., 2014; Thite et al., 2014; Cooke et al., 2020). Given the short history of the internationalisation of CMNCs, it is hard to adopt a quantitative approach because of the limited theoretical understanding to support its analysis (Fan et al., 2012; Fan et al., 2013) and to rationalise a quantitative strategy (Chapman et al., 2008).

Fourth, as this research is context-specific (i.e. CMNCs) and the field of research is relatively new, it seeks to generate theory. Qualitative research is advocated as the most strong and robust approach to theory generation (Glaser and Strauss, 1967). Moreover, many scholars state that deep contextualisation is necessary for building theory in novel contexts and a significant way to build high-impact research (e.g. Kim et al., 2010; Tsui, 2007). HRM is a context-sensitive area of research, and institutional logics can help develop context-sensitive theorising and can be explored on any and all levels of analysis (Gümüsay et al., 2020). Finally, this strategy is suitable because it increases researchers' capacity to investigate firms on their terms (Boyacigiller and Adler, 1991) and allows researchers to use different sources of evidence, which will enable data in different areas to be investigated.

IHRM studies of CMNCs and EMNCs have, on the whole, adopted a qualitative strategy, often through case studies based on in-depth semi-structured interviews as the primary data collection method. The following sections cover the research design and research methods.

3.4. RESEARCH DESIGN: A CASE STUDY

Research design is largely defined as a framework guiding the researcher to conduct research that generally consists of the details of the aspects to be examined and the processes to be employed (Sproull, 1988). Yin (2018, p. 63) defines it as the logic that "links the data to be collected (and the conclusions to be drawn) to the initial questions of a study". Research questions guide the researcher to identify the type of firms to be targeted and the data type that needs to be collected. Therefore, answering a specific research question requires a specific research design (Creswell, 2008).

Considering the exploratory nature and purpose of this research and the theory-building approach, an exploratory case study design is considered suitable for this study. This generates original analytical perspectives and explores new theoretical relationships (Eisenhardt, 1989). Moreover, based on the ideographic methodology assumptions of this research (Burrell and Morgan, 1979), the case study is considered to be an ideographic study (Thomas, 2011). A case study is defined as "an empirical method that investigates a contemporary phenomenon within its real-world context; especially when the boundaries between phenomenon and context are not clearly evident" (Yin, 2018, p. 15). More specifically, the exploratory case study examines phenomena that lack thorough

preliminary research (Streb, 2010) and is used to direct the exploratory empirical study (Hartley, 1994). The case study design is increasingly recognised as a research instrument in management and organisation research (Gummesson, 2000) and the most widely used method in qualitative research (Ghoshal and Bartlett, 1989; Edwards, 1998; Yin, 2018). This design was chosen after a careful examination of the methodological choices of most authors and researchers in IHRM research (e.g. Cooke, 2007; Edwards et al., 2007; Thite et al., 2014; Siebers et al., 2015; Geary et al., 2017).

The rationale behind the choice of a case study design lies in its utility. First, the study focuses on "how" and "why" questions, which are at the centre of interest for this research, as it seeks to explore, explain and understand the influence of different actors in shaping HRM practices at CMNCs in the UK. A case study is an ideal strategy to explore "how" and "why" questions (Yin, 2018). Second, the topic is complex social phenomena, and case studies enable researchers to obtain a more in-depth insight into complex matters that are not sufficiently understood (Steward, Barsoux, Kieser, Ganter and Walgenbach, 1994). In particular, in the field of IHRM and MNCs, complexity arises from multiple institutional logics (Oliver, 1991; Greenwood et al., 2011; Smets et al., 2015). The case study design follows the interpretive paradigm, which recognises the complexity and uniqueness of a business situation (Saunders et al., 2016).

Third, survey and statistical research designs are static and not suitable for investigating such dynamic and developing phenomena. In contrast, a case study is appropriate for studying and analysing dynamic, interactive processes and

practices in firms and seeks to gain a thorough knowledge of the research object (Abjanbekov and Alvarez Padilla, 2004). In the same vein, Ferner (1997, p. 31) calls for "qualitative case study research to follow through complex linkages, explore processes and uncover how decisions are really made within MNCs". If the research objectives focused only on understanding the level of standardisation and localisation of MNCs' HRM practices instead of how HRM practices are being shaped, a survey design would be enough.

Fourth, context is critical to the research due to the lack of empirical and theoretical development of HRM practices in EMNCs. In IHRM, context is complex with different dimensions, and through a case study, research can obtain a deep understanding of the context of the research (Saunders et al., 2016) and provide space for further contextual analysis (Pettigrew, 1995). It offers the opportunity to incorporate a range of contextual elements and see actors interact with them to form HRM practices (Welch, Piekkari, Plakoyiannaki and Paavilainen-Mäntymäki, 2011; Yin, 2018). Furthermore, as Edwards et al. (2007, p. 204) argue, "case studies allow a deep exploration of how the institutional contexts in which MNCs are embedded inform the way they operate and permit an exploration of the interaction between actors at a range of levels". Although qualitative research is recognised as sensitive to context, many studies have a strong trend towards de-contextualisation (Poulis, Poulis and Plakoyiannaki, 2013). Welch et al. (2011) note that context is often missing in international business research as case-study researchers are still confused about contextualisation.

Finally, this research uses a theory-building approach, which requires an extensive interpretation of the collected data to form concepts and views of a theory to explain the research phenomenon of interest (Hancock, 1989). This can be achieved by using a case study design that leads to theory-building. The following discusses the most appropriate elements of this exploratory case study research design, sampling strategies, techniques, size and accessibility strategies.

3.4.1. Case Study Design Characteristics

3.4.1.1. Multiple-Case Studies

The main variable in case study design is the use of single-case and multiple-case studies (Yin, 2018). According to Yin (2018), the researcher adopts a single-case study if the case is unique, events are rare, and no other cases are available for replication. The conditions required for a single-case study are not present in this research and, given the fact that the intention of this research is to explore a new complex area, multiple-case design is used since the research questions require a holistic understanding of the phenomenon under investigation (Yin, 2018), there is a need to search for cross-case patterns and themes (Eisenhardt, 1989; Miles, Huberman and Saldana, 2014) and researcher biases must be avoided (Yin, 2018).

This research applies replication logic (Yin, 2018), which refers to systematic comparing of the organisations under investigation (Jankowicz, 2000). To develop replication logic, the researcher applies both literal replication and theoretical replication (Yin, 2018). A literal replication occurs when the results

of the different cases are similar, i.e. the findings can be considered similar to other cases, while theoretical replication occurs when the results are contrasting but for anticipatable reasons (Yin, 2018). This is similar to within-case and cross-case analysis (Eisenhardt, 1989), which can offer an opportunity to enhance and extend the theory. Replicating the results from different cases leads to high levels of trust in the robustness and rigour of the research. Although this research does not aim to be replicated or for the findings to be generalised, by using this logic, the findings will be more compelling, persuasive and robust than a single-case study (Fan et al., 2012; Yin, 2018).

3.4.1.2. The Holistic Approach

A case study design can be holistic or embedded. This research uses a holistic approach for two main reasons. First, this research focuses on subsidiary-level analysis, i.e. one unit. The research questions are not concerned merely with comparing HRM practices at the two units (HQ and subsidiary) but rather with how subsidiaries' HRM practices are being shaped. It seeks a deep understanding of the orientations of HRM practices rather than a general understanding of surface patterns (Mason, 1996). Second, to contribute to the current literature, it appeared more appropriate to set the current research at subsidiary level as most of the existing theoretical and empirical developments in the IHRM field have occurred at subsidiary level. Therefore, the unit of analysis is the subsidiaries, while the observation unit is the individuals within the subsidiaries.

3.4.1.3. Cross-sectional and Parallel Designs

Another element of case study design is related to when the data is collected. In cross-sectional and parallel designs, during the research, the data is collected from the different cases at the same time (Thomas, 2010; Yin, 2018). This allows researchers to compare other cases simultaneously. However, in longitudinal/diachronic designs, the data is collected two or more times from the same cases (Yin, 2018). The researcher can conduct several examinations of the same case and subjects over a long period, sometimes lasting many years. The majority of the research in IHRM adopts a cross-sectional design, and few studies use a longitudinal research design (e.g. Chang and Smale, 2014; Zhu, 2019). For this thesis, a cross-sectional design was adopted since the research seeks to explore and understand processes and phenomena rather than observe changes over time. Having discussed the different characteristics of the case study design, the focus now turns to the sampling of the cases.

3.4.2. Sampling of Cases

The goal of sampling in qualitative studies is to have a sample that provides a sufficient foundation for new theories to be developed or old ones to be modified (Miles et al., 2014). It has been argued that sampling "is not a question of representing the distribution of features in totalities, but rather of determining what is typical of the object under investigation" (Hartley, 2004, p. 225).

One of the most difficult steps in case study research is choosing cases to be studied (Yin, 2018). Based on a review of IHRM literature, researchers fail to

describe or justify the sampling strategies in enough detail. This supports Fletcher and Plakoyiannaki (2011) as they note that the use of case study design in the international business study lacks an understanding of how to select case studies. Indeed, Malhorta, Agarwal and Peterson (1996) show that international business scholars face difficulty explaining their sampling techniques and strategy in detail, which can result in difficulties when interpreting the study's findings.

Therefore, to ensure a high-quality research design, the selection of cases is determined by appropriateness and adequacy (Kuzel, 1999). Appropriateness refers to the fit of the research objective and phenomenon, and adequacy is concerned with how much is enough (Patton, 2002; Miles et al., 2014). To meet appropriateness, researchers must decide on how to sample cases. They are then faced with the problem of accessibility, i.e. the willingness of firms and individuals to be reached or their refusal to corporate (Merkens, 2004). In qualitative studies, the motive for empirical data collection involves ensuring access to a specific case. Since access is a problem, a non-probability (non-random) sample is often used. In this research, the sampling is primarily based on the subsidiary's appropriateness/suitability for the study and the possibility of gaining access (Yin, 2018), as elaborated in the following section.

3.4.2.1. Case Sampling Methods and Techniques

Sampling is a very complex issue in qualitative research, and it has a strong influence on the research quality (Patton, 2002; Miles et al., 2014). It can be argued that there is no best method of sampling as, in many cases, the process of

sampling keeps evolving. It is important for the researcher to clearly determine the type of information most needed and then use a suitable sampling method and techniques (Coyne, 1997; Patton, 2002). Sampling must be consistent with the aims and philosophical assumptions of this exploratory qualitative research.

Since the aim of selecting cases and participants in qualitative research is to help better understand the research questions and generate theory (Creswell, 2013), the cases were selected purposefully. Purposeful sampling is one method of attaining the appropriateness condition (Patton, 2002). It is used extensively in qualitative research (Patton, 2002; Bryman, 2016) and IHRM literature (Farndale et al., 2010; Welch and Welch, 2012; Siebers et al., 2015). According to Patton (2002, p. 230), the "logic and power of purposeful sampling lies in selecting information-rich cases for study in depth. Information-rich cases are those from which one can learn a great deal about issues of central importance to the purpose of the research". It includes identifying and choosing individuals that are knowledgeable about or have experience of the phenomenon under investigation (Patton, 2002; Creswell and Plano Clark, 2011). For this study, a mixture of Patton's (2002) sampling techniques were adapted to help build theory and provide context-sensitive research (Frankel and Devers, 2000).

The cases in this research are Chinese MNC subsidiaries operating in the UK. Specific criteria were identified to guarantee that the cases were information-rich cases to answer the research questions and to obtain a profound understanding of the phenomenon under study. First, the researcher selected large and leading CMNC subsidiaries in the UK (subsidiaries rather than

representing offices) from different sectors with at least five years of experience in the UK, largely representing the current internationalisation process of CMNCs and that had an awareness of their parent company HRM system. Other researchers have also focused on leading organisations in studies of HRM practices in CMNCs in the UK and Australia (Zhang, 2003; Zhang and Edwards, 2007; Fan et al., 2012; Fan et al., 2013). Setting predetermined criteria justified the use of the criterion sampling technique. The key reason for using criterion sampling is to ensure that cases are information-rich (Patton, 2002).

In terms of the establishment mode, most of the research of CMNCs considers greenfield entry mode (e.g. Shen et al., 2005; Zhang and Edwards, 2007; Fan et al., 2013). Thus this research will include not only greenfield, which affirms the existing state of knowledge (Fan et al., 2013; Zhu and Jack, 2017), but also brownfield subsidiaries, which have been less considered (e.g. Zhu et al., 2014; Khan et al., 2019). Initially, three industries representing the majority of CMNCs operating in the UK were to be examined: manufacturing, technology/telecommunications and financial services. Firms of these industries were identified as the fastest-growing industries and firms in the UK (Grant Thornton, 2017). However, due to the difficulties associated with accessibility, the researcher could not secure access to financial services.

The chosen cases represent two different sectors and two modes of establishment. This selection of cases reflects stratified purposeful sampling, which provides a context-sensitive sampling framework and offers credibility to the research (Patton, 2002). The data helps explore the different and contrasting

patterns of data mainly between greenfield and brownfield (Eisenhardt and Graeber, 2007), and the different industries generate more insights. This is particularly true when comparing the findings of this research with those of other studies, the majority of which consider firms from different leading sectors. Linking findings to the literature is vital in most studies; it enhances the internal validity and is an essential step in theory-building research (Eisenhardt, 1989). Patton (2002) states that, although selecting different cases can sometimes be problematic, it can strengthen the results of the study. He further emphasises that "any common patterns that emerge from great variation are of particular interest and value in capturing the core experiences and central, shared dimensions of a setting or phenomenon" (Patton, 2002, p. 234). The aim is to identify emerging patterns that cut across the different cases in spite of their differences.

As noticed from the different sampling strategies, selecting the cases is not purely predetermined because selecting a case should be flexible and somehow theoretically driven. The researcher was aware of the possibility that cases might change after the data had been collected. At the same time, the researcher had to have initial criteria that would help to guide and answer the research question.

3.4.2.2. Sampling Size

In qualitative research and multiple-case study research, there are no precise guidelines defining a suitable sample size (Saunders et al., 2016). Adequacy of sample size is dependent on the study objective, the type of research question (Dubois and Gadde, 2002) and the minimum sample sizes of the sample methods (Sandelowski, 1995), and it can be better defined by availability of time and

resources (Patton, 2002). In qualitative research, the sampling and choice of cases are neither statistical nor purely personal. Case study sampling should be theoretically grounded (Silverman, 2016) and does not require following sample size rules for generalisability because case studies are generalisable not to populations but to theoretical propositions (Yin, 2018). Moreover, the sample size does not matter as long as the researcher goes into firms with a clear focus on collecting specific types of data (Mintzberg, 1979).

Onwuegbuzi and Collins (2007, p. 289) state that "sample size in qualitative research, in general, should not be so small as to make it too difficult to achieve data saturation, theoretical saturation or information redundancy. At the same time, the sample should not be so large that it is difficult to undertake a deep, case-oriented analysis". Glaser and Strauss (1967) suggest the idea of saturation for reaching an appropriate sample size, and Lincoln and Guba (1985) recommend sampling to the point of redundancy. Data saturation is when the collected data, for example from an interview, becomes repetitive (Czariawska, 2013).

In multiple-case study design literature, there is no agreement on the number of cases that should be included (Patton, 2002). However, what determines the number of cases is the breadth and depth of the case study inquiry. Eisenhardt (1989) and Stake (2006) suggest four to ten cases, as it can be difficult to generate theory with fewer than four. As IHRM research is complex, a total of four cases is seen as a useful number for this research. Two cases were selected for brownfield and two for greenfield. This number can offer in-depth qualitative

data to obtain understandings of the phenomena and compare the similarities and differences between the cases (Bryman, 2016).

A review of the number of CMNC cases in previous HRM studies indicates that subsidiaries ranged from three to nine firms in the UK (Zhang, 2003; Shen et al., 2005; Zhang and Edwards, 2007; Khan et al., 2019) and from three to 21 cases in Australia (Fan et al., 2012; Fan et al., 2013; Zhu et al., 2014; Zhang and Fan, 2014). This variation in the case sample size is mainly due to the purpose and approach of the research and also the ability of the researchers to obtain access.

3.4.3. Obtaining Access

The process for gaining access to the cases began by creating a list of CMNC subsidiaries in the UK, based on the criteria discussed in the previous section, which required conducting background research about each firm. Firms were identified using different published reports by consultations, agencies and official bodies such the Department for International Trade, the China-British Business Council, the Grant Thornton annual report, LinkedIn, and news and business park websites. Moreover, meetings were conducted with local and Chinese individuals and experts in Chinese investment from official bodies such as Nottingham City Council and the Asia Business Centre, where the researcher had the opportunity to discuss her research, was introduced to other Chinese firms and received some suggestions as to how best to communicate with the gatekeepers of these firms.

Several strategies were used to attain access. First, contact was made by email with the HR manager "gatekeeper" at subsidiaries to invite the firms to take part in the study, followed by calls, and in some cases a face-to-face meeting. The invitation letter was in English and Chinese and attached with it were the research information sheet and consent form (Appendices 2, 3 and 4 respectively). Second, contact was made with third parties to establish contact with the subsidiaries; this included individuals who had personal networks with these firms (from official bodies and academics to individuals who work for subsidiaries in another country). Many previous researchers gained access through their personal contacts and professional networks (e.g. Cooke, 2012; Thite et al., 2014; Zhu et al., 2014; Kamoche and Siebers, 2015). Finally, attending business conferences helped to connect with some representatives of these firms.

Moreover, important steps recommended by Saunders et al. (2016) were considered to gain access. These include ensuring familiarity with the firms and providing precise details of the purpose of the research, the type of access required, what is required from the respondent and the benefits to firms from this research. During the process of obtaining access, firms' concerns about granting access, such as the amount of time needed, confidentiality and anonymity, were covered and overcome.

Through this, positive responses were received. Although the target initially was six firms, access was secured to four cases (see Table 3.1). All cases are large and leading CMNCs, have at least 12 years' experience in the UK, and are

classified as knowledge-intensive firms. The first two cases, ManuCo 1 and ManuCo 2, are from the manufacturing sector (electronic and automotive respectively) with brownfield entry mode, and the second two cases, TeleCo 1 and TeleCo 2, are from telecommunications, with greenfield entry mode. Furthermore, all cases are state-owned except for TeleCo 2.

Table 3.1: Profile of the Subsidiaries

Firm profile	**ManuCo 1**	**ManuCo 2**	**TeleCo 1**	**TeleCo 2**
Entry mode	Brownfield		Greenfield	
Ownership	100%			
Sector	Manufacturing		Telecommunications	
	Electrical/ Electronic	Automotive		
Type of sector	Knowledge-intensive			
Ownership structure	SOE		SOE	POE
Main motive for investments	Technical expertise and access to market		International presence and access to market	
HQ	Hunan, China	Shanghai, China	Beijing, China	Shenzhen, China
Date of entry	2008	2007	2007	2001
Year of establishment	2005 (British: 1956)	1970s (British: 1924-2005)	1995	1987
Number of employees	UK: 201-500 Global:183, 061	UK: 201-500 Global: 144,955	UK: 201-500 Global:28 0,747	UK: 1000-2000 Global:194, 000
Percentage of expat and local Chinese	10%	8%	90%	65%

In some cases, it took approximately two months to obtain the final approval, as it was necessary to obtain the approval of top management and, in some cases, of HQ. However, some negative responses were received as well: reasons varied from the sensitivity of the information and the time-consuming nature of the undertaking to lack of interest (not valuing academic studies). Another reason is that some of the gatekeepers were sceptical about the researcher's role (as an outsider) (Johl and Renganathan, 2010), as the researcher was asked many times about the reason for studying Chinese firms. Finally, other firms did not respond despite follow-up attempts, while others had to contact HQ for approval, which was denied. These responses were not surprising in the context of studying CMNCs (Cooke, 2009) and have also been documented by other researchers (e.g. Shen and Edwards, 2006; Fang, 2011). Today's managers value the cost of their time and that of their employees, so in one case, the HR director, who was the gatekeeper, agreed to facilitate one interview only, which led the researcher to exclude that case. Moreover, the researcher had to explain why an interview was the best method for collecting data, as many of the firms preferred questionnaires. Some firms with negative responses were contacted again to clarify their concerns and ask them to reconsider access requests; some of these attempts were successful, and others were not.

The difficulties of obtaining access to research cases have been discussed by many authors (e.g. Bryman, 2016; Saunders et al., 2016). Johl and Renganathan (2010) discuss the difficulties in obtaining access to large leading firms and time-cost pressure. In general, securing access to CMNCs is a very challenging task; however, in the case of leading Chinese firms, it is even more difficult and

complicated (e.g. Gamble, 2003; Child and Rodrigues, 2005). Having a strong network "*guanxi*" with senior managers in the subsidiaries and HQ is essential to successfully obtain research access to Chinese firms. The literature emphasises the significance of interpersonal network and *guanxi* (Cooke, 2009; Zheng and Lamond, 2009). This explains the challenges and difficulties that the researcher faced in obtaining access due to her lack of *guanxi*.

Nonetheless, the researcher overcame these challenges by communicating the issue with her supervisors and other experienced scholars to discuss different solutions and by adopting some new strategies mentioned earlier in this section. Once access had been obtained and the first interview conducted, it was crucial to manage continuous access to other participants by developing a rapport with the participants and being aware of cultural differences. The following section presents the research methods used in the case study research.

3.5. RESEARCH METHODS

Since this research aims to understand the influence of actors in shaping HRM practices, and actors' perceptions and experiences, and to capture their interpretations of the outcomes instead of their behaviour, observation is not considered a suitable research method. Similarly, questionnaires/structured interviews are not appropriate because they do not offer the researcher the opportunity to ask probing questions or request further explanations, which is a major element of this research. Therefore, this research used semi-structured interviews supplemented by documents (Yin, 2018).

3.5.1. Semi-structured Interviews

A semi-structured interview is recognised as a more appropriate data collection method for the inductive approach of theory development and qualitative strategy of the investigation (Kumar, 2005). Semi-structured interviews are characterised by a relatively informal style that revolves around a thematic, topic-centred approach for one-to-one interaction (Mason, 1996; Kumar, 2005). The theoretical root of interviewing is in the interpretive philosophy because it endeavours to understand the participants' interpretations, perspectives and experiences in their own words (Kumar, 2005).

Semi-structured interviews are appropriate for this study because of the complexity of the research phenomenon and the lack of existing studies and theoretical development in this research context. Thus, the semi-structured interview can best explore such issues in detail. It offers a comprehensive interpretation of the influence of different actors in shaping HRM practices' orientations in MNCs and allows detailed explanations to be developed. In IHRM research, this method is the most widely used, and some scholars (e.g. Ferner et al., 2005; Edwards and Tempel, 2010; Aguzzoli and Geary, 2014) suggest that interviews are the most appropriate method for gaining detailed knowledge of host country institutions and how they influence MNC subsidiaries' HRM practices.

Semi-structured interviews are designed to allow for flexibility in the process of investigation and to enable researchers to ask for explanations of the given responses and follow up and clarify incomplete and ambiguous responses (Rubin

and Rubin, 2005). Even if an interview guide exists, there is still room to make some changes when critical topics are raised that have not been considered before; this cannot be achieved through questionnaires or structured interviews. It also provides greater control over respondents' selections and can be used almost anywhere (Cassell and Symon, 2004). It helps the researcher consider the contextual features arising from face-to-face contact and allows the participants to answer more on their terms. In addition to this, new actors, factors and themes can emerge from the interview that were not considered before the interview. Compared with quantitative methods, interviews can provide respondents with the chance to provide a more in-depth insight into their knowledge of the organisation and share small details, which a quantitative questionnaire would not be able to reveal. Thus, a personal interview will allow the researcher to observe the participants and obtain details of their work that they would not usually share.

A thematic structure format interview of a theoretical type (which generates data to enable theory development) was adopted because, in this research, the theoretical lenses played a role in how the interview questions were structured (Cassell, 2015). The intention was that the analysis of the data from the interview would enable the researcher to develop theoretical insights into how HRM practices are shaped and experienced. The sections below cover interview sampling methods, size of sample, and interview procedures.

3.5.1.1. Interview Sampling Methods and Techniques

Similar to the sampling method used when selecting the cases, the participants were selected purposefully. This research aims to understand and analyse the interpretations, meanings, experiences and perspectives of subsidiaries' employees. Participants, in this case, need to be people who have knowledge and experience of how HRM is shaped and implemented at the subsidiary level, and this includes top managers, HR managers and non-managerial employees, both locals and expatriates, with a minimum of one year's experience to ensure sufficient knowledge and experience. Other preferred criteria were considered, such as having work experience at HQ or other subsidiaries and having visited HQ. Snowball sampling was adopted as well, which entails inviting participants to recommend contacts who might be suitable for participation.

At the subsidiary level, senior managers, local and expatriate, and also HR managers, have an understanding of both the local and global setting and are in a position to explain why certain HR practices come to being. They also understand better the influence of both the internal and external environment on these practices, for example, how the host country's institutional settings (e.g. employment regulations) and parent company influence their HRM. They can also explain their role and agency in shaping and implementing HRM practices and their response to the pressure from both home and host countries. This sample is in line with many of the studies conducted before (e.g. Zhang, 2003; Cooke, 2012; Fan et al., 2012; Fan et al., 2013; Zhu et al., 2014; Thite et al., 2014; Siebers et al., 2015; Geary et al., 2017).

Many researchers state that such senior managers are powerful, knowledgeable and reliable informants (Graebner, 2009). For example, Zhu et al. (2014) refer to them as rich informant individuals in the case firm who are able to provide comprehensive information. Fan et al. (2012) and Fan et al. (2013) identify them as executives who play significant roles in the decision-making process. Thite et al. (2014) interviewed senior managers as considered them to be subject-matter experts due to the exploratory nature of their research. In the same vein, Siebers et al. (2015) conducted interviews with senior executives who were involved in or had a deep understanding of HRM practices and were considered "elite informants". Therefore, it is crucial to consider their role and influence in shaping the subsidiary's HRM practices and their view and perception of current practices. However, middle managers have also been considered; they are in the best position to demonstrate how HRM practices have been implemented and changed in the subsidiaries (Edwards and Tempel, 2010).

This research also considers non-managerial employees who have been significantly overlooked by previous studies. Studies on HRM practices often disregard the "voice of those at the receiving end" (Clark, Mabey and Skinner, 1998, p. 10). Gamble (2003) interviewed employees from all levels in his cross-national research and noticed that employees' voices and perspectives were neglected. As shown in Turnbull and Wass's (1998) study, even within the UK, there can be a noticeable gap between managerial rhetoric and employees' experiences. Research based exclusively on managerial perspectives airbrushes out employees' views (Gamble, 2003). This form of sampling means that

employees' views are largely overlooked. Since they form the majority of employees, it was crucial to obtain their views.

In sum, interviewing expatriate and local managers and employees from different positions is one way to achieve triangulation. Using multiple respondents will enable the questions of different participants to be addressed and responses to the same questions from more than one participant to be clarified. This follows Ferner and Quintainilla's (1998) calls to use multiple participants to increase data validity in research into HRM in MNCs.

3.5.1.2. Sampling Size

As with the sampling size of the case study, there is no single acceptable number of participants to be interviewed in qualitative research (Saunders et al., 2016). In qualitative research, the sample size is motivated by theoretical/data saturation and practical considerations, as also covered in the case study sample in section 3.4.2. The sample size can also be restricted by the sampling technique (Browne and Russell, 2003), the structure of the interview, heterogeneity of the sample (Guest, Bunce and Johnson, 2006), the sense that there are enough interviews, the complexity of the interviews, the researcher's experience (Ryan and Bernard, 2003) and the availability of resourcing (Seidman, 2006; Kvale, 2007).

Practical reality in research requires a provisional judgement on sample size at the beginning of the research design. Without a provisional number, the time and resources required for the research cannot be determined, making the research

design unfeasible (Robinson, 2014). The number of interviews needs to be within a specific range (i.e. a minimum and a maximum number) and meet all the determined sampling criteria that the researcher has deemed essential for the research. For instance, Creswell (2013) suggests between five and 30; Baker and Edwards (2012) choose from 12 to 60, with 30 as the mean, Guest et al. (2006) suggest 12 interviews for a homogenous group to reach saturation, and Saunders et al. (2016) suggest between five and 25, and consider a homogeneous population to be between four and 12, while a heterogeneous one is between 12 and 30.

Accordingly, the following numbers were considered from each firm: four to five top/middle managers (local and expatriate), one to two HR managers/HR business partners (HRBPs) or specialists and four to five employees (local and expatriate), leading to a total of between 36 and 48. In studies in the HRM literature, the number of interviewees ranged from 12 (Cooke and Lin, 2012) to 80 (Chang et al., 2007). The following section discusses how the researcher prepared and conducted the interviews.

3.5.1.3. Interview Procedures

Before conducting the interview, an interview guide was developed (Appendix 5). It included information about the research, details of the interviewer, the purpose of the research, a summary of the interview questions to be asked, why the interviewee had been chosen to take part, assurance of anonymity and confidentiality, and some information about how the interview data would be used. Fact sheets about the firm and interviewee were also prepared, including

firm profile and the demographic profile of the interviewee, such as nationality, age, job title, years of work experience, qualifications and experience in the parent company or other subsidiaries. This helped to contextualise the interviewee's answers.

Then the interview questions were articulated and divided into different key themes informed by and emerging from the literature and the theoretical framework (Kvale, 2007), although the interviewer also had the opportunity to introduce other ideas. On the basis of the research questions, the interviews followed a range of themes and topics: first, current HRM practices, including the extent to which these practices are localised and standardised, changes that occur to these practices, and the participants' perceptions and experiences of HRM practices; second, the home country, including the relationship between the subsidiaries and the parent companies, the level and mechanism of control they exercise over the subsidiaries, along with the influence of the Chinese state; third, the host country, including the influence of local employment regulations and local and national culture on subsidiaries' HRM practices; and finally, the role, agency and influence of subsidiaries social actors on subsidiaries' HRM practices. These themes were divided into topic and interview questions. Most of the questions were open-ended questions. A combination of nine types of questions proposed by Kvale (2007) were used: introduction questions, follow-up questions, probing questions, specifying questions, direct questions, indirect questions, structuring questions, silence and interpreting questions.

Due to the important role of the researcher in the interview process (Patton, 2002), before conducting the interviews or the pilot interviews, the researcher attended training courses to practise the art of interviewing (Kvale, 2007). The interview schedule was piloted more than once (there were four pilot interviews), in February 2019. A list of potential participants for the pilot interviews was developed mainly from LinkedIn, and they were contacted by email. The participants were selected on the basis of the same sampling criteria of this research, except that three of the participants had previously worked for Chinese firms in the UK. The reason for this is that the researcher did not want to lose the limited research participants and their valuable information to a pilot interview that might not be used.

The pilot interviews were conducted in person and recorded, and they ranged in time between approximately 40 and 90 minutes. At the end of the interviews and to improve the interview guide, participants were asked what they thought of the schedule and the overall interview, whether they had faced any difficulties or felt uncomfortable, whether there had been any repetition of questions, and how they felt about the interview length. Then the interviews were transcribed, and the researcher familiarised herself with the data by reading the transcript and writing down initial ideas.

The pilot interviews helped to put into practice the interview guide, evaluate its appropriateness, and find out how the participants answered the questions. Some changes were made to the interview guide; for example, some questions were rephrased, the sequence of the questions has changed, and prop questions were

added because some other issues emerged during the pilot interviews. Moreover, the researcher gained experience in conducting semi-structured interviews, learned interview skills, including how to ensure the flow of conversation and how to build a relationship with the participants.

The pilot interviews helped the researcher learn more about the sample cases to better design the interview guide and confirm the eligibility and suitability of the sample cases. The researcher found that the interview with the manager from one of the manufacturing firms showed that this case was eligible and was indeed one of the most suitable cases, and it was considered for inclusion. Two of the other interviews (telecommunications PEO and IT and telecommunications SOE) were eligible for the study, and the researcher obtained access to these two firms. These interviews were used in the study because the data collected was rich with useful insights, and there were no significant changes to the interview guide.

To prepare the interviewee, an interview information sheet and consent form were sent before the interviews were conducted. This consent form stated that the data would be confidential and anonymous and that participation was voluntary, and requested permission to use quotations for this and future research (Kvale, 2007; Oliver, 2010). In some cases, a summary of the questions was sent, so that the interviewee had a chance to reflect on them before the interview. The aim was to address any concerns the interviewees had about the interview, which promoted research credibility (Saunders et al., 2016). Before meeting the participants for the interview, the researcher prepared the interview profile using

the information sent by the gatekeeper and on the LinkedIn website. The participants' personal profiles, such as age, sex, previous working experience and level of education, were considered and helped shape the conversation (Hammersley and Atkinson, 2007). Before starting the interview, the researcher introduced herself, outlined the background to the research, and asked the participants if they had any questions before starting the interview. The research ensured the development of a rapport and trust, creating self-representation and building a good relationship with the participants while maintaining a high level of interest and demonstrating good listening (Kvale, 2007). Before the interview questions were asked, the final step was the participants formally giving their consent to take part in the research by signing the form.

The interview started with general questions, in which the participants were asked about their working background in the firms, and the prepared profile was checked. Then all the other themes were covered. During the interview, questions were prompted and some themes were followed up with further non-scheduled questions (Kvale, 2007). Also, the order of some questions was changed. This is the advantage of the semi-structured interview as it allowed the participants to bring and focus on what they thought critical (Gioia, Corley and Hamilton, 2012).

To enhance the credibility of the research, during the interview, the interviewer validated her interpretation of the interview with the participants and verified whether her interpretation corresponded with what the participants had said. Moreover, most of the participants were open to being contacted again for further

information or clarification. As researchers become part of participant experiences and meanings, they can influence the findings of the research (Burgess, 1990; Hartley, 2004; Kvale, 2007); hence, the researcher was cautious not to make a remark that could influence the participant's responses and consequently impact the validity of the research. Therefore, the researcher ensured a full awareness of her own beliefs and assumptions that might influence the conversation. Also, the researcher was aware that the participants did not necessarily share her views of the world.

The researcher ensured that the time was carefully managed and that all the questions were covered. She also managed some interviewees' wish to talk about different areas of interest and the tendency of some participants to talk too much or too little. She further ensured that the interview finished positively, that the participants felt comfortable, and that the researcher was satisfied that all the topics had been covered. Then the participants were asked if there was anything more that they wanted to add. After the interview, and when the recording had stopped, some participants were relaxed and shared further information as reflections or afterthoughts based on what they had said in the interview. They felt more comfortable disclosing information once the recording was over (Corbin and Strauss, 2008). In the end, the researcher thanked them for their contribution and explained what would happen next in terms of feeding back and findings. Some of the participants tried to help and recommended other participants that they felt they would be good informants for the research. The researcher also asked some participants if they knew anybody else who might like to be interviewed (snowball sampling). After the interview, notes were taken

regarding the interview process, how it went, the location and setting of the interview, the researcher's feelings after the interview, and any other noticeable issues. Therefore, reflexivity was practised, the researcher documented the interview process, not only to enable the researcher to trace the research design development but also because the researcher is an essential instrument of the data collection. The researcher jotted down her thoughts to monitor her learning, as it helped at the write-up stage and explained why the research interviews and methodology went in a particular way. This reflects the importance of the interviewer's role in the data collection process.

In total, 48 interviews were conducted between February 2019 and November 2019. They were conducted in English (see Table 3.2). 20 of the participants were senior/middle managers, eight were HR managers, HRBPs and HR specialists, and 20 were non-managerial employees. 31 of the 48 participants were local national, a small number of whom were local/European, and 17 were Chinese (expatriates and local Chinese). Most interviews were conducted face to face with a very small number carried out via Skype as some employees were in China. Face-to-face interview is the most appropriate format for rich data collection (Cassell, 2015). The interviews ranged in time between approximately 50 minutes and two-and-a-half hours. The researcher ensured a quiet and calm location for the interview, especially with the audio recording. Most interviews were conducted at the firms to gain contextual data and access to any documents referred to during the interview, and also because the work environment is part of the overall research context and plays a role in the interaction between the researcher and the participants and the production of knowledge (Herzog, 2005).

However, some interviews were conducted outside the workplace and after working hours. All the interviews were recorded and high-quality recording was ensured.

All the interviews and notes were transcribed as soon as the researcher had carried out each one. Recommendations from Saunders et al. (2016) for transcription were followed: a suitable transcription style for the analytical technique was adopted, compatible with the analysis software, each interview was kept in a separate file, appropriate respondent identifiers were used rather than names, and files were kept secure.

Table 3.2: Interview Participants

Participants	ManuCo 1	ManuCo 2	TeleCo 1	TeleCo 2	Total
Senior/middle managers	6	5	5	4	20
HR managers/ specialists	2	1	1	4	8
Employees	6	5	5	4	20
Total	**14**	**11**	**11**	**12**	**48**

3.5.1.4. Additional Sources of Data

Semi-structured interviews are still the main and most essential method to collect a data for this researcher because they offer significant insights into the research questions. However, the data collected from the semi-structured interviews was supplemented by documents (Yin, 2018) such as journal articles, the firms' websites, annual reports, newspapers, media and social media pages, in-house

journals and magazines. Some were collected prior to, others during and after, the interview. Documents have often been considered as a complement and combined with further qualitative methods (Bowen, 2009) as a way of achieving triangulation (Denzin, 1970). However, the rationale for documents in this research was to provide background information about the context and description of the cases in a way that helped in developing interview questions. Merriam (1988, p. 118) points out that "documents of all types can help the researcher uncover meaning, develop understanding, and discover insights relevant to the research problem". Many researchers in IHRM research also use documents (e.g. Zhang, 2003; Shen et al., 2005; Cooke, 2012; Zhang and Fan, 2014; Aguzzoli and Geary, 2014; Geary et al., 2017).

3.6. DATA ANALYSIS

Once data has been obtained, the next step is to analyse it. Miles et al. (2014) state that qualitative data analysis consists of three main stages: data condensation, data display and conclusion-drawing/verification. To follow these stages, given the nature of the research and due to the changing nature of and iterative process involved in qualitative research, the use of a specific template to analyse the data seems inapplicable (Gehman, Glaser, Eisenhardt, Gioia, Langley and Corley, 2018). Templates are rigid and may be unable to accommodate the particularities of specific projects. Furthermore, they may mislead novice researchers about the complexity of qualitative research and narrow down methodological choices (Pratt, Sonenshein and Feldman, 2020). Therefore, the researcher had to make several choices regarding the analyses of the data, carefully justifying each choice while considering the ontological and

epistemological stances of the research. However, the main three choices regarding the data analysis process are thematical analysis (Braun and Clark, 2006) combined with Charmaz's constructivist grounded theory methodology (GTM) coding approach (Bryant and Charmaz, 2019), and Eisenhardt's (1989) within-case analysis and cross-case analysis.

This research has adopted a thematic analysis strategy and followed the six steps proposed by Braun and Clark (2006). These steps are: familiarising yourself with your data, generating initial codes, searching for themes, reviewing themes, defining and naming themes, and finally producing the report. Thematic analysis is a general approach for analysing qualitative data (Saunders et al., 2016). Braun and Clark (2006) refer to it as an essential process for qualitative analysis. It involves researchers coding the data to recognise patterns and themes concerning the research question, and it offers a systemic, flexible and accessible method for analysing data. The thematic analysis technique allows the researcher to engage with and become immersed in the data and to organise and interpret the data within its context. It is more appropriate for this research as it can be used in an interpretive study to explore different interpretations. It helps to analyse a large amount of qualitative data, integrates data from different resources such as transcripts and notes, produces thematic descriptions to identify themes and patterns for further exploration, develops explanations and theories based on thematic patterns or relations, and draws and verify conclusions. This approach has also been adopted in IHRM studies (e.g. Thite et al., 2014; Zhu et al., 2014).

The first step in the thematic analysis that the researcher followed was familiarisation with the data. The interviews were transcribed, all transcriptions were read carefully to understand and obtain an overview of the data, and initial ideas were written down. Then the transcription, note-taking during the interview and other documents were imported into qualitative data software, NVivo. NVivo allowed the researcher to organise and store all the data in a different format, which meant it was easy to search, access and review. Although NVivo did not replace the analysis process, it assisted it through coding and offering ways to classify and sort data by topic and category. It also offers memo-writing.

Then the researcher moved to the second step, which was generating initial codes. Coding is analysis, deep reflection and interpretation of the data meanings. It is what moves researchers' data from transcript to theory. Saldana (2013) identifies 32 coding methods and divides coding into two major stages: the first cycle (initial coding of data) and the second cycle (working with the results from the first cycle codes themselves). Due to the inductive qualitative nature of the data, the thematic data analysis strategy was combined with Charmaz's constructivist GTM coding approach (Belgrave and Seide, 2019; Bryant and Charmaz, 2019). Corbin and Strauss (2008) state that coding, in GTM, is the researcher's most crucial step in the analytic process. As Bryant and Charmaz (2019, p. 167) state: "Regardless of the research paradigm and whether one view grounded theory as a complete methodology or simply as an approach to the analysis of qualitative data, coding of one sort or another is an integral element of analysis for virtually all approaches". By offering a constructivist

GTM coding approach, Charmaz (2014) provides a solution to those who want to use GTM but are put off by the positivist and post-positivist assumptions of the dominant approaches.

The data was analysed using a bottom-up inductive approach. Charmaz presents two coding stages: initial and focused. The analysis initially engaged with open coding (line-by-line coding). The preliminary open codes were descriptive. The open coding began with a thorough reading of raw data to understand what was being expressed in the data and remain open to all theoretical possibilities. This process generated multiple first-order categories. Over time, some of the categories reoccurred in different ways, so they articulated research categories. This coding allowed the researcher to stimulate ideas that might not have appeared if coding for larger themes and to see details and patterns that otherwise might not have been noticed. The key was to maintain an open mind in the process to allow the generation of several potential themes or categories but also hold on to the research question and theoretical frameworks (Dougherty, Su and Chung, 2012). Although the source of code was data-driven, it was also combined with theory-driven codes. Welch and Welch (2012) used both data-driven and theory-driven categorisation in the process of analysis: original terminology (words and terms used by participants) and analyst terminology (informed by theoretical themes).

The researcher then moved to the second order, the focused coding stage, which reflects the third step of thematic analysis, “searching for themes”. Focused coding is carried out at a higher level of abstraction than initial coding. For this

stage, axial coding was used. The first-order categories are compared with each other to find possible connections and examine how categories relate to other categories, and then they are grouped in relation to their focus (themes) to integrate and refine the theory. This coding is beneficial for multi-case studies, as it establishes the basis for cross-case analysis by developing common themes (Gibbs, 2007; Miles et al., 2014).

During the coding process, constant comparative methods were followed (Glaser and Strauss, 1967; Strauss and Corbin, 1998; Corley and Gioia, 2004). Regardless of the level at which coding is being carried out, constant comparative methods are at the heart of coding. It is an iterative process of moving between the data, emerging themes and previous literature (Eisenhardt, 1989). Therefore, themes do not emerge from the data: the researcher actively generates them through engagement with theory (Clarke and Braun, 2018). Moreover, the researcher benefits from an analytical memo which is a "brief or extended narrative that documents the researcher's reflections and thinking processes about the data" (Miles et al., 2014). It captures thought that occurs throughout the data collection and analysis.

Moving to step four, reviewing themes, and step five, defining and naming themes, the researcher combined the thematic analysis strategy with Eisenhardt's (1989) within-case and cross-case analysis. This started with a within-case analysis, in which each case was treated as a single case. The research offered a contextual description for each case (Eisenhardt, 1989), which is critical and one of the main strengths of case study analysis (Stake, 1994). Each case was

carefully examined and a detailed description of each case background and the HRM practices was offered to develop a holistic understanding of the case before any theory-building efforts (Stake, 1994). It also offered the researcher an opportunity to explore the uniqueness of each case and become thoroughly immersed in the data of each case study. Although in within-case analysis, unique themes and patterns emerge within each case, the finding of each case contributes to the general themes and patterns of all case studies.

Once each case is analysed, the researcher can develop the cross-case analysis (Chmiliar, 2010). During the coding process, a table was created for each case with categories (first-order categories) and themes (second-order categories) to enable a cross-case analysis to be undertaken by comparing and contrasting the main identified themes and categories in each case to "look for within-group similarities coupled with intergroup differences" (Eisenhardt, 1989, p. 540). The analysis benefited from negative cases (cases and individuals), which is an integral element of the constant comparative method. It is applied to determine points of comparison with normal cases (Glaser and Strauss, 1967; Strauss and Corbin, 1998; Eisenhardt, 1989; Morse, 2015) and to ensure authenticity in qualitative research, which improves the rigour of qualitative studies and helps to build more general themes and reinforce theory-building. The strength of Eisenhardt (1989) is in its inductive approach and explanation, and this, combined with Stake's (1994) contextualised description, develops a more sophisticated understanding and contextualisation explanation, particularly as contextualised data helps to explain the negative cases.

Then the findings were used to answer the research questions and compared with extant literature that both supports and contradicts the developed theory (Miles et al., 2014). According to Eisenhardt (1989, p. 544), "an essential feature of theory building is a comparison of the emergent concepts, theory, with the extant literature, which involves asking what is this similar to, what does it contradict, and why". The developed categories and themes were integrated around a central core theme to generate a cohesive theoretical story (see Appendix 6 for the coding tables). Finally, theory-building from case studies stopped when theoretical saturation took place. This is achieved when incremental learning is minimal (Glaser and Strauss, 1967; Eisenhardt, 1989) and when further data and comparison do not lead to new evidence or understanding (Locke, Golden-Biddle and Feldman, 2008). In the final step of thematic analysis, the findings, discussion and contribution were reported in chapters four, five, six, seven and eight.

During the process of designing the research, collecting and analysing the data and presenting the findings and conclusions, the researcher ensured that rigour was built into the research. The next section explains the steps taken to demonstrate the rigour of this research.

3.7. RESEARCH QUALITY

Assessing quality in qualitative research is essential to evaluate the appropriateness of the conclusion in relation to the methods used. Guba and Lincoln (1994) introduce "trustworthiness" or rigour of research to ensure the quality of research. Pilot and Beck (2014) define research quality as the level

of confidence in methods used in the research, the data itself and the analysis and interpretation. Four criteria – credibility, dependability, confirmability and transferability – are defined by Lincoln and Guba (1985) and are widely used and agreed upon by several qualitative researchers. The steps taken to meet these criteria were described in sections 3.4 and 3.5. These nonetheless need to be grouped, highlighted and explained under the quality criteria as well.

The credibility or confidence in the truth of the research, and therefore the findings, is the most crucial measure (Polit and Beck, 2014). To ensure credibility (internal validity), triangulation techniques in terms of a wide range of informants and multiple sources of data were adopted. Ferner and Quintainilla (1998) emphasise the use of multiple participants to increase data validity in research into HRM in MNCs. Before starting the interviews, the researcher ensured familiarity with the culture of the organisation and participants. This was achieved through formal visits, background investigations and some consultations, particularly on Chinese culture and working practices. This helped to form a trusted relationship between the researcher and participants (Shenton, 2004). The researcher also emphasised that participation in the interview was voluntary and that the participants were allowed to withdraw from the research and refuse to answer any question without justification. This ensured that the research involved "only those who are genuinely willing to take part and prepared to offer data freely" (Shenton, 2004, p. 66). To increase credibility further, during the interview, the interviewer validated the participants' responses and verified whether her interpretation corresponded with what the participants had said. Moreover,

most of the participants were open to being contacted again for further information or clarification. After the interview, the recorded interviews were professionally transcribed, and the recording was checked against the transcription (Silverman, 2014). Then member checking was used with the transcript to obtain feedback and confirmation from participants (Guba and Lincoln, 1994).

While collecting and analysing the data, frequent debriefing sessions took place between the researcher and her supervisors. During the analysis process, negative case analysis as part of constant comparison was applied as recommended by Lincoln and Guba (1985) and Miles et al. (2014). Linking findings to the literature was vital to enhance the internal validity and is essential in theory-building research (Eisenhardt, 1989; Silverman, 2014). Moreover, this research adopted a well-established researcher method, was transparent, provided detailed information of all the research steps and pursued clear procedures for analysing data and reporting findings (Silverman, 2014). Finally, actual data (quotations) is used to support the argument and ensure credibility. All these steps increased the degree to which the research results can be trusted (Saunders et al., 2016).

The second criterion is transferability (external validity). This refers to the extent to which the research findings can be applied and generalised to other conditions (Merriam, 1998). The researcher appreciates that the case study results are difficult to generalise into another context, and this is not the aim of this research. However, the researcher can enable the readers to assess whether the findings of

this research are transferable to their own settings; this is the called transferability judgement (Shenton, 2004). Therefore, the researcher provides a detailed description of the cases, participants, methods used and the research process. The third criterion is dependability. This concerns the notion that "the way in which a study is conducted should be consistent across time, researchers, and analysis techniques" (Gasson, 2004, p. 94). The in-depth methodological description is presented, and the research processes are reported in detail, allowing other researchers to replicate the research. However, the research does not aim for replication, and this is inapplicable to this case study design due to the dynamic changes in many aspects of the context.

The final criterion is confirmability. This deals with the main issue that "findings should represent, as far as is (humanly) possible, the situation being researched rather than the beliefs, pet theories, or biases of the researcher" (Gasson, 2004, p. 93). Malterud (2001) states that the background of the researchers will influence what they decide to investigate, the methods used for the investigation, the appropriateness of the findings and how they present, communicate and frame the findings and conclusion. With ongoing reflexivity, the researcher was aware of her own beliefs and assumptions and was cautious not to make remarks that could influence the participants' responses and, consequently, impact the validity of the research. Multiple data sources were used to increase the accuracy and reliability of the analysis. Collecting data from various types of participants minimised the risk of participants' bias, which could negatively impact the reliability of the findings; hence, an "audit trail" was applied. Other techniques were used, including checking and rechecking data and challenging the different

interpretations of the data. Moreover, the researcher's findings were compared to other authors' findings to confirm the interpretations of the data and strengthen the confirmability of the study. Finally, an in-depth procedural description was offered to examine the integrity of the research results (Shenton, 2004). To maintain the quality and integrity of the study findings, this research was guided by a set of ethical standards and guidelines, which are explained in the section below.

3.8. ETHICAL CONSIDERATIONS

Ethical considerations are a central topic in business and management research due to their implications and the need to maintain research standards throughout the study (deRoche and deRoche, 2010). This research includes interactions with organisations and individuals, and its findings might impact the firms and their employees and therefore the analysis. Therefore, the first step that the researcher followed was to gain full ethical approval from the University of Nottingham Business School Ethics Committee. The research protocol was reviewed and endorsed in September 2018. The researcher also considered General Data Protection Regulation (GDPR), which became law in May 2018.

To follow the research ethics guidelines and standards, the participants were given an information sheet, including the background of the research, the purpose of the research, the producers of the research, confidentiality of the research and other ethical concerns (Burgess, 1990; Kvale, 2007; Oliver, 2010). All participants were also informed that participation in the research was voluntary and participants were allowed to withdraw from the interview at any

time if they felt uncomfortable (Oliver, 2010). This was not only mentioned on the information sheet and consent form but also explained face to face. These documents were accessible to the firms before the interviews started and to each participant prior to the interview. Consent for recording was also obtained before each interview (Kvale, 2007; Oliver, 2010).

Hennink, Hutter and Bailey (2010) note that qualitative researchers have more ethical responsibility owing to the fact that their direct contact with the participants leads the latter, in some cases, to reveal information that is considered sensitive or personal. Therefore, ensuring anonymity and confidentiality is crucial (Burgess, 1990; Kvale, 2007), particularly as case study research is more sensitive to issues of anonymity and confidentiality (Wallace, 2010). Therefore, subsidiaries and participants are not directly identified in transcripts, field notes and the thesis. Moreover, all the transcriptions and notes were stored in a password-protected folder.

Despite all that is mentioned in this chapter, any research has limitations. The final section of this chapter highlights some of the limitations of the methods used in the research.

3.9. LIMITATIONS OF THE METHODS USED

Qualitative case study analysis is not without weaknesses. This method is criticised for "lacking a larger and more explicit set of procedures, privileging of intuition over reason, subjectivity over objectivity and an unsystematic selection of information from a massive amount of data, in ways that are

irreducible or even incommunicable" (Mesquita, 2002, p. 4). Miles (1997) criticises this design, claiming the analysis is fundamentally intuitive, primitive and cannot be managed. The rigour of the case study has been frequently questioned (Yin, 2018). However, the quality criteria were given careful consideration to overcome criticism and the limitations of the case study design.

Because case study design relies on a few respondents as a sample size, it has been criticised for its inability to generalise (Yin, 2018). Therefore, the main reason for losing trust in case studies was the fundamental idea that it is impossible to generalise the study findings originating from a few cases (Bryman, 1989). However, Stake (2005) argues that a case study design aims not to represent the world but to represent the case. Case studies are generalisable not to populations but to theoretical propositions (Eisenhardt 1989; Yin, 2018). Hence, the researcher did not seek to calculate frequencies and statistical generalisations but to make analytic generalisations to expand and generalise theories. The purpose of case studies is to understand and explain but not to expect. Therefore, the sampling technique does not require rules for sample size to be followed for generalisability (Yin, 2018). Hence, this research case study relied upon the quality and depth of the examination itself, not the sample size (i.e. number of MNCs). Moreover, conducting case study research faces the difficulty of gaining access. This research showed that gaining access to CMNCs is very complicated and time-intensive.

Despite the benefits of the interview, this process is considered time-consuming and costly. It is difficult to control and manage the time and process of data

collection. Also, the analysis and interpretation required intense effort and took a very long time. Furthermore, the interview includes the risks of respondents' overt and covert bias and the danger of the researcher influencing the direction of the findings and conclusions (Yin, 2018). The limitations associated with the qualitative method were overcome by fulfilling the qualitative quality criteria as explained in section 3.7. More limitations to the overall research methodology are covered in the conclusion chapter.

This chapter considered data collection and analysis and discussed quality and ethical considerations. The next three chapters present the findings of this research.

CHAPTER 4: ORGANISATIONAL CONTEXT AND CROSS-CASE ANALYSIS OF THE ORIENTATIONS OF HRM PRACTICES

4.0. INTRODUCTION

Context plays a significant role when exploring and explaining the design and orientations of HRM practices in a multinational setting. In all cases, the institutional environments differ radically between the UK and China, which clearly results in significant institutional complexity faced by the subsidiaries to deal with different demands. Given the complexity of the phenomenon being investigated, the findings of the research are presented in three chapters. Chapter 4 describes the organisational context of CMNC subsidiaries in the UK and their HRM practices to help provide holistic rather than fragmented explanations (Geertz, 1973). Section 4.1 describes each subsidiary, its parent company's history and the latter's motives for its investment in the UK. This section is divided into two: the first part describes the acquired/brownfield subsidiaries, and the second part describes the greenfield subsidiaries. The second section is a cross-case analysis and starts with a comparison of the employees' representation in each case with an emphasis on their representation in the HR department. The chapter then analyses and compares four HRM practices of the four cases by offering an in-depth description of what elements of each practice are localised versus standardised while comparing the similarities and differences between the cases.

In terms of the localisation of the subsidiaries' HRM practices, Chapter 5 discusses the influence of institutional and social actors in localising the subsidiaries' HRM practices. This includes an explanation of the mechanism of control exercised by different actors and the sources of control. It also describes how the parent companies respond to institutional pressure by exercising less control due to their dependency on the subsidiaries for different resources to achieve their interests. Chapter 6 explains the major shift in the parent companies' response towards institutional complexity. As the parent companies felt that they were losing control over their subsidiaries, at the same time building more knowledge and awareness about the host country's regulations, market and local norms, and developing their expertise and know-how, their dependency on the subsidiaries decreased, as their interests changed as well. Therefore, they started to increase the level of control and standardisation by using different mechanisms and sources of control.

The findings are presented below. This chapter builds a strong basis for the empirical analysis in the next two chapters.

4.1. CASE STUDIES BACKGROUND

This section describes each subsidiary, its parent company's history and the latter's motives for its investment in the UK (see Table 4.1).

Table 4.1: Profile of the Subsidiaries

Firm profile	ManuCo 1	ManuCo 2	TeleCo 1	TeleCo 2
Entry mode	Brownfield		Greenfield	
Ownership	100%			
Sector	Manufacturing		Telecommunications	
	Electrical/ Electronic	Automotive		
Ownership structure	SOE		SOE	POE
Main motive for investments	Technical expertise and access to market		International presence and access to market	
HQ	Hunan, China	Shanghai, China	Beijing, China	Shenzhen, China
Date of entry to the UK	2008	2007	2007	2001
Year of establishment	2005 (British: 1956)	1970s (British: 1924-2005)	1995	1987
Number of employees	UK: 201-500 Global:183, 061	UK: 201-500 Global: 144,955	UK: 201-500 Global:28 0,747	UK: 1000-2000 Global:194, 000

4.1.1. Acquired Subsidiary Cases: Background

4.1.1.1. ManuCo 1 and its State-owned Parent Company

The parent company of ManuCo 1 is a Chinese train manufacturer founded in 2005. It is a subsidiary of one of the world's biggest train manufacturers listed on the Hong Kong Stock Exchange (HKEX). The parent company operates in over 20 countries and regions across the globe, with more than 183,000 workers. It is engaged in research and development, and the manufacturing and sales of electric drive systems, railway engineering machinery and power semiconductor

devices. In 2008, the Chinese parent company acquired UK-based ManuCo 1. It was their first acquisition overseas. Before the purchase, ManuCo 1 was a small, profitable, UK-based company employing 340 people with an annual turnover of £14 million. It was listed on the Canadian TSX Venture Exchange, and its shareholders were mainly Canadian investors. ManuCo 1 designs and produces high-power bipolar semiconductors and electronic assemblies and high-power insulated gate bipolar transistor modules.

Although the ManuCo 1 business was in good form, its management had some concerns about sustaining and financing the increasing cost of research and development (R&D) and its advanced manufacturing facility. ManuCo 1 management recognised the need to find a strategic investment partner to better leverage its key strengths and share facilities. In 2008, an agreement was reached with the ManuCo 1 shareholders for the parent company to buy a 75% controlling stake in the company. Moreover, in March 2019, the Chinese parent company acquired all of the issued and outstanding common shares of ManuCo 1, and today, it is wholly owned by the Chinese parent company.

> "In 2007, we were looking for alternative shareholders, and we came in contact with the Chinese. I guess we already had a management style and approach that was looking for a shareholder that was overseas." (Local Former Chief Executive Officer (CEO), ManuCo 1)

The parent company's motives for acquiring ManuCo 1 were its long successful history and technical expertise. This acquisition provided them with access to the European market, their second market after China.

> "One of the reasons that the Chinese purchased us in the first place is because of our experience in the field and how successful we are." (Local HR Director, ManuCo 1)

> "Our parent company had always seen ManuCo 1 as being a hub for Europe." (Local Former CEO, ManuCo 1)

4.1.1.2. ManuCo 2 and its State-owned Parent Company

ManuCo 2's parent company is a Chinese automotive design and manufacturing company founded in the 1970s, with headquarters in Shanghai, and multinational operations with over 145,000 employees. It is one of the Big Four state-owned Chinese car manufacturers. The parent company business covers the production and sales of both passenger and commercial vehicles. It is also involved in R&D, the production and sales of auto parts, big data and artificial intelligence.

In 2007, the parent company purchased ManuCo 2. It was a technical centre established after the collapse of a British car manufacturer (Auto 1). The parent company acquired Auto 1 in 2005. ManuCo 2 retained the best engineers from Auto 1 and took responsibility for the main stages of researching, designing, engineering and developing new car products for international markets including the Chinese market, and working closely with and assisting Auto 1. They built

the world's first internet car, which is widespread in the Chinese car market. The annual turnover of the UK business is over £300m. ManuCo 2 employs over 250 skilled engineers and designers with a high degree of automotive experience. In July 2019, the parent company decided to restructure ManuCo 2: some employees were transferred to Auto 1 and to their new design centre in London, and many employees were made redundant.

The parent company's motives for acquiring ManuCo 2 were the wealth of technical expertise and highly skilled automotive engineering and design. This acquisition provided them with access to the European market, British supplies, and to knowledge and research that they would not have been able to access from China.

> "One of the main reasons why the UK business was set up was for sharing of knowledge and helping China business establishing a technical sector capability in China." (Local Managing Director, ManuCo 2)

> "Because we are in Europe, we have quite easy access to different top universities, main suppliers and here, it would be easier to talk to them. Sometimes, some part of our job will help Chinese people get some information around." (Local Chinese Engineer, ManuCo 2)

4.1.2. Greenfield Subsidiary Cases: Background

4.1.2.1. TeleCo 1 and its State-owned Parent Company

TeleCo 1's parent company is one of the leading suppliers of telecommunication services globally. It was founded in 1995, is headquartered in Beijing, and it is listed on HKEX. The parent company group have over 280,000 employees globally and is engaged in providing various information and telecommunications services, mainly in China. The parent company has grown rapidly over the last two decades, establishing international operations in Hong Kong, the USA, Europe, Africa and the Middle East. It has subsidiaries in 27 countries and regions. In 2012, another HQ was established in Hong Kong, and all the Europe, US and Asia operations report back to the Hong Kong HQ instead of Beijing HQ.

In 2006, the parent company established its European subsidiary HQ in London, TeleCo 1, and employed more than 250 people. It is considered to be the European HQ and is a wholly-owned subsidiary and international arm of the parent company group. All the international communications requirements are incorporated under one international contract and called the "Digital Silk Road". TeleCo 1 provides services to European multinational enterprises, Chinese enterprises and Chinese consumers in Europe. It offers a range of services, including voice and data services, cloud services, hosting, information and communications technology services, professional services, and industry solutions.

> "Parent company own the cables under the water to carry the internet around the world. So, I would sell to Facebook, or Google and these kinds of guys who need a lot of capacity." (Local Business Manager 1, TeleCo 1)

The motives of the parent company for entering the UK were to have an international presence and access to the European market by providing services to Chinese firms in Europe and helping European firms invest in China. Another reason for international expansion was to accomplish an internal Chinese agenda, for example, aligning their strategy with the Belt and Road Initiative (BRI).

> "Our aim is to help Chinese companies to expand, but another aim is to have European companies to invest in the Chinese market. We need to expand, but we also need some more investors." (Local Chinese Business Manager, TeleCo 1)
>
> "So whatever we do internationally is trying to accomplish something internally within China, rather than having a global strategy." (Local Chinese Deputy Director, TeleCo 1)

4.1.2.2. TeleCo 2 and its Private-owned Parent Company

The parent company of TeleCo 2 is a leading global provider of information and communications technology infrastructure and smart devices. It was established in 1987 and is headquartered in Beijing. It is a POE that is wholly owned by its employees and applies an Employee Shareholding Scheme that includes over

96,000 employee shareholders. This scheme is for employees only. No state agencies or other firms have shares in it. The parent company provides advanced and secure network equipment to telecoms carriers, information and communications technology infrastructure products, cloud services, smartphones and other smart devices, and they invest heavily in research. They work in over 170 countries, providing services to more than three billion people worldwide. They have nearly 194,000 employees.

In 2001, the parent company established its first subsidiary in the UK, TeleCo 2. Today they have a UK HQ and 15 offices across the UK. TeleCo 2 employs more than 1,400 people. Currently, TeleCo 2 is becoming one of the UK's most significant sources of investment from China. It has a strong commitment to investment in R&D and close partnerships with top British academic institutions to develop and improve the latest technologies. This is one of the motives for the parent company's investment in the UK because it will play an increasingly significant role in helping TeleCo 2 to develop more innovative technologies. Moreover, TeleCo 2 entered the UK as one of their international markets to gain access to different customers. Now they are working with major customers in the UK and aim to continue collaborating with their customers.

TeleCo 2 has a strong relationship with the UK government, contributing to keeping the UK at the very forefront of the digital age. They have made a multi-billion-pound investment in the UK market and have supported and funded many IT projects.

> "TeleCo 2 was the sponsor for X University for the computer engineering department. So, the facility was founded by TeleCo 2 and with the Prime Minister, they signed some deals with him and kind of sponsor the engineering for the second generation in the UK." (Local Chinese HR specialist 1, TeleCo 2)

In summary, the four cases are subsidiaries of large and leading CMNCs, have at least 12 years' experience in the UK, and are classified as knowledge-intensive. The first group of cases, the acquired cases, ManuCo 1 and ManuCo 2, are from the manufacturing sector (electronics and automobile). The second group of cases, TeleCo 1 and TeleCo 2, are from the telecommunications/IT sector. Furthermore, all are stated-owed except for TeleCo 2, which is a POE, but it has substantial support from and a strong relationship with the Chinese government. The motives of the acquired cases for investing in the UK are different from those of the greenfield cases. In the acquired cases, the main motive is acquiring knowledge and technical expertise. CMNCs are rapidly internationalising into DMs, including the UK, to obtain advanced knowledge and acquire essential management know-how (Child and Rodrigues, 2005; Deng, 2009; Zheng et al., 2016). On the other hand, in greenfield cases, the main motive is market-seeking and international presence. According to Cooke (2012), the primary motives of the international expansion of telecommunications have been market-seeking and resource-seeking. These motives and interests justify the entry mode and their form of establishment in the UK.

The literature has found that subsidiaries' establishment/entry mode (i.e. greenfield versus acquisition) influences how similar the HRM system of the parent company is to that of the subsidiary (Rosenzweig and Nohria, 1994; Taylor et al., 1996; Björkman and Lu, 2001; Zhu, Thomson and De Cieri, 2008). The focus of this research is not the role of the mode of establishment itself; instead, it investigates the influence of the logics associated with mode of establishment on HRM practices' orientation. These logics are embedded and carried by the individuals, both local and expatriate, in the subsidiaries (Wheeler et al., 2005; Blomgren and Waks, 2015). The section below starts by comparing employee representation in both acquired and greenfield cases, with an emphasis on their representation in the HR department, and then compares the HRM practices across the different cases.

4.2. CROSS-CASE ANALYSIS: COMPARISON BETWEEN ACQUIRED CASES AND GREENFIELD CASES

4.2.1. Employee Representation in the Subsidiaries

As ManuCo 1 and ManuCo 2 are acquired British firms, most of their employees are local. In ManuCo 1, they account for 80% of employees, with 10% Chinese and 10% other nationalities. In ManuCo 2, 90% of employees are local, 8% Chinese, and 2% other nationalities (see Table 4.2).

> "We do have quite a few Chinese employees that are not our Chinese parent company employees. If you had a group of Chinese together, 50% of them are locally recruited Chinese,

> and 50% were assignees from China." (Local HR Director, ManuCo 1)

The majority of the middle and senior positions are held by locals. While representation of expatriates is very low in both cases, they usually hold senior management roles. For example, in ManuCo 1, the directors of both the marketing and sales department and the R&D department are Chinese expatriates. The other expatriates are engineers who gain and transfer knowledge back to China. In ManuCo 2, expatriates head the finance, purchasing and IT departments, and the parent company always appoints an expatriate as personal assistant to the MD.

> "They had appointed two senior people to the business, one was a sales and marketing director, and one was the director responsible for research and development. Those are two very key positions in the business." (Local Former CEO, ManuCo 1)

> "The percentage of expatriates is very low. In the UK business they have International Secondment Personnel, ISPs, that's been sent to the UK to work from the Chinese headquarter." (Local Analyst (of Chinese Origin), ManuCo 2)

The opposite is found in greenfield subsidiaries. In TeleCo 1 and TeleCo 2, the majority of the employees are Chinese (90% in TeleCo 1 and 65% in TeleCo 2),

both expatriates and locally hired Chinese people. Similar to ManuCo 1 and ManuCo 2, expatriates hold senior positions, but in these two cases, they hold all the senior positions, and these are predominantly Chinese. The non-Chinese represent the minority and are British, European and other nationalities. Moreover, in greenfield cases, a considerable percentage of the Chinese employees were recruited locally, e.g. young Chinese students who started as interns, and were then hired full-time. The use of local/European Chinese employees (who have spent some time in the UK or Europe or are UK/European-born Chinese) was highlighted in recent research (Khan et al., 2019).

> "The workforce of the company was roughly 90% Chinese and 10% coming from the rest of Europe." (Local/European HR Specialist, TeleCo 1)

> "We have got a high number of expatriates who are in fairly senior roles, and they're usually shadowed by local people." (Local HRBP, TeleCo 2)

> "You will find that the locally employed Chinese are Chinese people that have either been born and bred in the UK or have been to a UK university but have stayed in the UK and decided to work in TeleCo 2." (Local Manager, TeleCo 2)

Table 4.2: Employee Representation in the Subsidiaries

Employees' representation	Acquired cases	Greenfield cases
Nationality	- The majority of the employees are local. ▪ ManuCo 1: 80% locals, 10% Chinese, and 10% other nationalities. ▪ ManuCo 2, 90% local, 8% Chinese, and 2% other nationalities.	- The majority of the employees are Chinese, both expatriates and locally hired Chinese people. ▪ TeleCo 1: 90% Chinese and 10% local and other nationalities. ▪ TeleCo 2: 65% Chinese and 35% local and other nationalities
Management positions	- Locals hold the majority of the middle and senior positions, and expatriates usually hold senior management roles.	- Expatriates hold all the senior positions.

In previous studies, CMNCs are recognised for their extensive use of expatriates (Rui, Zhang and Shipman, 2017). The findings of the present study in relation to greenfield cases are consistent with previous research; however, this is not the case with the acquired cases. This could be due to a lack of investigation of acquired subsidiaries (non-Chinese origin MNCs), with the exception of Khan et al. (2019), as most of the studies investigate the subsidiaries of Chinese-origin MNCs (Cooke, 2014; Luo and Zhang, 2016; Wang, Fan, Freeman and Zhu, 2017; Khan et al., 2019).

Moreover, the presence of expatriates is higher in the greenfield than in the acquired cases. According to some scholars (e.g. Rosenzweig and Nohria, 1994;

Björkman et al., 2008; Zhu et al., 2014; Zhu and Jack, 2017), subsidiaries with a high expatriate presence are more likely to adhere to parent-company management practices. However, this research reveals that the presence of even a few expatriates can significantly influence HRM practices (as explained in detail in Chapter 6). It could be argued that this depends on their role and mindset, how influential and powerful the expatriates are, their socialising level, and their willingness and ability to embed essential values in subsidiary staff (Fenwick et al., 1999; Khan et al., 2019). This is particularly true when these values are embedded in the HR team, who are responsible for designing and implementing HRM practices. Attention now turns to the representation of employees in the HR departments.

4.2.2. Representation of Employees in Subsidiaries' HR Departments

In acquired cases, all members of the HR team are local employees. In contrast, in greenfield cases, they are almost all Chinese: in TeleCo 1, all members of the HR team are Chinese, while in TeleCo 2, a few locals work as HRBPs. However, the HR directors and managers in both cases are Chinese (see Table 4.3).

> "There are more Chinese and just a few British, only two or three now, business partners. They specialised in employee relations, and those employees are British. They tend to connect better with a lot of local employees, and they are more familiar with the local employment laws." (Local Chinese HR Specialist 2, TeleCo 2)

Table 4.3: Employees' Representation in Subsidiaries' HR Departments

HR Team representation	Acquired cases	Greenfield cases
Nationalities	- All members of the HR team are local employees.	- All members of the HR team in TeleCo 1 are Chinese, while in TeleCo 2 a few locals work as HRBPs.
Management positions	- HR directors and managers are local.	- HR directors and managers are Chinese.
Number of employees	- The HR team in ManuCo 1 is under-staffed, which causes them huge pressure, while in ManuCo 2 they are over-staffed, which gives them more time to focus on employee development.	- The HR teams are under-staffed. Therefore, they are busy carrying out operational HR work and do not have time for planning and development.
Level of autonomy	- Higher level of autonomy and power compared to greenfield cases. - HR teams are more valued, are part of the management team and attend the board meetings.	- Low level of autonomy and less power to introduce or change any practices. - HR activities are centralised and controlled by the parent companies.

In terms of numbers, in ManuCo 1, the HR team is under-staffed, which causes them huge pressure, while in ManuCo 2, they are over-staffed, which gives them more opportunity and time to focus on employee development. They are also under-staffed in TeleCo 1 and TeleCo 2. Therefore, in greenfield cases, they are busy carrying out operational HR work and do not have time for planning and development. This could be related to how the HR department is perceived in Chinese companies. Traditional personnel management (Warner, 2004) could also explain why many employees perceived the HR function as unprofessional.

> "Everyone is so busy. All these trivial things, the mundane things or the operational things take too much time, so you have very little time to think about the future, think about HR planning, and think about some of the company's big pictures. You need to do forward-thinking, but because we are so busy, we are firefighters at the moment." (Local Chinese HR Specialist 2, TeleCo 2)

> "They were not qualified in Human Resources practices. So, they would turn what was technically qualified for them in China may not have been the practice here in England." (Local Business Manager 2, TeleCo 1)

Another reason for being perceived as unprofessional is their low level of autonomy and power. Acquired cases have more autonomy compared to greenfield cases. In greenfield cases, HR teams have less autonomy and are told what to do. According to Singh (2012), emerging economies characterised by rule-based governance will have an organisational structure that gives less autonomy to their subsidiaries. Also, high levels of representation of expatriates reduces autonomy in the subsidiaries (Tao, Liu, Gao and Xia, 2018).

> "They were given [HR department] quite a lot of autonomy, but big policy decisions they would still have to get them signed off in China." (Local Senior Manager, ManuCo 2)

> "It's very limited. I would like to see HR has more autonomy in our own area rather than everything having to go through the regional office and HQ." (Local Chinese HR Specialist 2, TeleCo 2)

As explained in the section below, the HR activities of many greenfield cases are centralised and controlled by the parent companies. Thus, the HR team have less power to introduce or change any practices because the power is with the expatriate managing director (MD). HR managers facilitate the management's wishes and guidelines, and they always have to refer to senior management. This is very different when compared with other British telecoms companies.

> "All decisions will need to be made by the managing director. HR has less decision-making powers. They are more a secretary department to implement an idea into practice." (Local Chinese Deputy Director, TeleCo 1)

> "I think the HR department in [British company] had a stronger role to play in that they were able to initiate and set policies which would be adhered to by the management, whereas I think in TeleCo 2 the HR department is less influential in its own right, it's very much we will find that if management does not like the policies that HR are setting they will just not use them, so they are not so influential." (Local Senior Manager 1, TeleCo 2)

The HR team in acquired cases are more valued. They are part of the management team and attend the board meetings. However, this does not mean that the HR team in acquired cases have ultimate autonomy and power. There are many HR-related matters that are controlled by the parent company, no matter how powerful and influential the HR directors in those cases are. The section below compares the four HRM practices of each case by offering an in-depth description of what elements of each practice are localised versus standardised and the similarities and differences among them across the cases.

4.2.3. Localisation and Standardisation of HRM Practices

This sub-section analyses and compares four HRM practices of the four cases by offering an in-depth description of what elements of each practice are localised versus standardised. A summary of the findings is presented at the end of the chapter (see Table 4.4).

4.2.3.1. Recruitment and Selection

Recruitment and selection in all the cases follow localised professional practices similar to those of other local companies. They also have to comply with local employment law, especially when transferring expatriates and recruiting local Chinese people. Although the employees of most greenfield cases are Chinese, TeleCo 1 and TeleCo 2 needed to recruit some local and European employees with international experience to target companies in the UK and Europe.

> "It's localised [recruitment and selection], and it's to make sure that ManuCo 1 has a proper legal standing in terms of their contract." (Local HR Director, ManuCo 1)

> "We are supported by a lot of local solicitors who are specialised in employment law, local employment law." (Local/European HR Specialist, TeleCo 1)

> "So if they [local] are not here, I don't think Chinese staff can just communicate well with most European companies or IT directors." (Local Chinese Business Manager, TeleCo 1)

Despite the influence of localisation on recruitment and selection, the parent company also has influence and control. First, headcount, definition of roles, and approval of senior management positions are strictly controlled by the parent company.

> "Recruitment numbers and everything else is dictated by China. There is no flexibility on that side. We were told how many people we could have, my role had to be approved by China." (Local Department Head, ManuCo 2)

> "Headcount control in TeleCo 2 is very strict, you do not get to increase headcount." (Local Chinese HR Specialist 2, TeleCo 2)

Second, the appointment of Chinese expatriates in key senior positions is an indication of the influence of standardisation. The few expatriates in acquired cases hold senior management positions. However, in greenfield cases, all the management positions are held by expatriates, there is a high number of expatriates in senior roles, and they are usually shadowed by local people.

> "All the Chinese here in the UK are in management roles, at least head of a department, head of finance, head of purchasing and head of IT." (Expatriate, MD's Personal Assistant, ManuCo 2)

> "We have got a high number of expatriates who are in fairly senior roles." (Local HRBP, TeleCo 2)

Third, in all cases, there is a focus on recruiting local Chinese employees. The reasons might differ slightly across the cases. In the acquired cases, ManuCo 1 and ManuCo 2, the management and HR director post-acquisition realised the importance of hiring local Chinese employees who speak Mandarin and are aware of both local and Chinese cultures, to improve communication and collaboration with the parent company. Also, Chinese managers in the acquired cases prefer to recruit local Chinese people because they share the same culture, create less conflict and are easy to manage.

> "They actually increased the number of Chinese employees in the past year because they realised that Chinese employees

> facilitate communication." (Local Analyst (of Chinese Origin), ManuCo 2)

> "So, some of the Chinese managers may decide to focus all on just the Chinese applicants they have, and so in some departments, […] out of 30 people, there might be two British people." (Local Director, ManuCo 1)

It is a similar picture in greenfield cases: Chinese managers prefer to recruit local or European Chinese workers because they prefer Chinese speakers, and some jobs need Chinese communication skills because of frequent communication with the parent companies. Another reason is that Chinese students are familiar with Chinese culture, and it is easy to shape them to the culture of the company. Even in the European team, they hired local employees who were originally Chinese, had experience in Europe and spoke Mandarin.

> "So that's why you see a lot of Chinese faces because they, some of them are not fluent, they like to speak Chinese, and so they tend to employ more Chinese people in the end." (Local Chinese HR Specialist 2, TeleCo 2)

> "They believe the graduate is like a walk in the park, so they do not have too much experience, so when they join the company, it's easier, much easier for the company to train

> them, to shape them into a different culture." (Local Chinese Team Leader, TeleCo 1)

Therefore, during job interviews, in all cases, they ensure that the candidate's Chinese languages skills and cultural knowledge are a good fit. In greenfield cases particularly, they emphasise cultural fit and ensure that candidates are open-minded and adaptable to the culture of the subsidiary.

> "The second interview was more a cultural fit; can I work with the Chinese nationals? Have I got the right attitude? It is different, but I have worked with Chinese people for a long time. They are very aware of the cultural fit." (Local Manager, ManuCo 1)

> "They felt I was a bit more open, and they felt I could adapt easier than some of the senior people, who were a bit narrow-minded on how they viewed how things should be done." (Local Senior Manager 2, TeleCo 2)

Fourth, some Chinese employees are recruited through *guanxi*. Subsidiaries would occasionally have some people who were not necessary to the business, who came based on the parent company's instruction. In greenfield cases, the presence of *guanxi* is more due to the majority of the employees being expatriates and the strong link with China and their parent companies. It should be noted that the use of *guanxi* differs in these two examples.

> "I was referenced by some people internally. So, well from the China side. So, it was quite quick. That was quite simple to me. But I guess it's a quite different experience from my side." (Local Chinese Engineer, ManuCo 2)

> "You would find that a lot of people would come over from China. A month go by what does this guy do? It was a friend of one of the directors in China." (Local Business Manager 1, TeleCo 2)

Finally, all cases seek help from recruiting agencies. The difference is that acquired cases use an agency because finding local talent is a challenge, whereas greenfield cases use agencies mainly to recruit local Chinese workers. They use a Chinese-speaking recruiting agency, and offer three-month rolling contracts, rather than permanent positions. The agency helps TeleCo 2 to hire hundreds of employees, and the process is straightforward for candidates.

> "When it's power electronics roles, we do find it difficult, and we do engage agencies to help us with that." (Local HR Director, ManuCo 1)

> "I got recruited by an HR firm which is actually a Chinese-speaking consultant working with them." (Local Chinese Deputy Director, TeleCo 1)

> "The agency introduced the CV to TeleCo 1, the supervisor interviewed the candidate. It was very easy." (Local Chinese Specialist, TeleCo 2)

4.2.3.2. Training and Development

Training and development differ a great deal between the greenfield and acquired cases. In acquired cases, according to the local employees, it is similar to many other British companies. They have a clear training and development plan and offer different training and development opportunities for their employees. They provide continuing professional development (CPD) for engineers and sponsor higher education courses, such as higher national certificate (HNC) and higher national diploma (HND) courses, with the prospect of enabling engineers to move into technician or engineering technician grades. They also provide many training opportunities throughout the year, such as technical training, soft skills training and people management training. Moreover, they use the British government's apprenticeship levy to fund the training and development of their employees.

> "We have about 10% of our employees are on a further or higher education course, and that's sponsored by the company, and that's generally people on electronic engineering qualifications where they go for day release to college." (Local HR Director, ManuCo 1)

The parent company does not therefore have any great influence on training. However, the parent companies do ensure that certain training programmes are delivered to the UK subsidiaries as part of their business integration, and other training programmes are offered to improve cultural understanding and build a better global team. Moreover, the influence and control of the parent company over the training is mainly in the form of financial support to cover all the training costs. They encourage and financially support any training, especially for the engineers, and they send some of the subsidiary's employees to the parent company to receive training.

> "Training and team-building was a mixture of unique local processes and standardised global processes where we took part in global team-building and understanding of each other's culture." (Local Managing Director, ManuCo 2)

> "We send people frequently to China, to our parent company, to visit our Chinese factory, to be trained, to learn, and communicate with Chinese engineers." (Expatriate Vice Director of R&D Centre, ManuCo 1)

There are not many similarities between acquired and greenfield cases in terms of training and development. In the greenfield cases, they offer minimal training, and it is not one of their priorities. The parent companies do not support or pay for professional training.

> "No, I was studying my ICA qualifications. I was not even supported for that neither as time off to study nor paying for my exams and courses." (Local/European Finance Manager, TeleCo 1)

> "TeleCo 2 really believes in internal training, not necessarily external training. So, for instance, if you want to do CIMA qualification, it's off your own bat." (Local HRBP, TeleCo 2)

The onboarding training (induction) of the greenfield cases focuses on understanding the Chinese culture and values of subsidiaries. For example, in TeleCo 2, all employees except for expatriates have to pass a five-day induction programme at the Western Europe office, with people from all around Europe. The training mainly focuses on understanding the culture and values of TeleCo 2 that are linked to Chinese culture. There is a tendency in greenfield cases to label any learning activity as training. They encourage employees to give a summary to their colleagues about any training that they have attended.

> "The new entrance programme focuses on the cultural core values and how that links in with the sort of Chinese culture, and how that can be used going forward in a more global context." (Local HRBP, TeleCo 2)

> "We have a big gap here because, from the management perspective, this is training [employees giving a summary to

> their colleagues about any training that they have attended], but from my perspective, this is not. This is just something that somebody will share with me. […] I haven't received any training." (Local Consultant (of Chinese Origin), TeleCo 2)

It was evident that the training in these two greenfield cases was more influenced by the Chinese perspective. They look for people who are ready to perform, do not want to invest in professional development, and believe strongly in on-the-job training.

> "No, it's very self-taught, and it is very inefficient. There's no sales training and product training. There is no staff development. They tend to have information systems that you can log onto, like an intranet. So, it's pretty ad hoc." (Local Business Manager 2, TeleCo 1)

Moreover, in TeleCo 1 and TeleCo 2, training is centralised and the parent companies have very high levels of control over the training. In TeleCo 1, most of the training courses are delivered through conference calls. A group of employees sits in a meeting room and receives a seminar from a manager from the parent company. It is insufficient because of the language barrier and the lack of experience to train foreigners. TeleCo 2 also offers online training courses by TeleCo 2 University, and employees can enrol themselves and receive certificates when they pass the online test.

> "The training would be the boardroom in London with everybody sitting around it and a speakerphone in the middle and doing training. And nobody could understand what the guy was saying. Found it very difficult because maybe his English wasn't so good, plus he's on a microphone." (Local Business Manager 1, TeleCo 1)

> "Quite top-down, so a lot of the training and development is set up already or even like requested by the HQ, by the original office." (Local Chinese HR Specialist 2, TeleCo 2)

However, training in both cases is mainly in Chinese and is not inclusive, thereby limiting training opportunities for local and European talent. Therefore, it is Chinese employees who are mostly selected for training. There are limited opportunities for local employees in both cases to be selected for training, particularly if it is conducted at the parent company. Moreover, some employees will be chosen for training on the basis of how good their relationship is with their line manager (*guanxi*) or the HR manager and how the employees gain the trust of their line managers.

> *"*It takes a while to build trust up within that business. So, people have to trust you. When they trusted me, they sent me to Hong Kong for training, and that training was very good." (Local Business Manager 1, TeleCo 1)

Moreover, in TeleCo 2, they do not value development, but tend to force employees to undergo training related to the parent company's updated procedures and processes regardless of how useful the training is. According to the employees, this was different from their experience in Western firms.

> "You are almost forced to do it so in that respect, it was not actually bad. Whether some of the training was useful was another thing." (Local Manager, TeleCo 2)

The problem is that these procedures are unique to TeleCo 2, and they ignore how other firms would interpret these general principles. An example of this is the mandatory training for one of the senior managers. It has been an ongoing challenge for him and is very different from the training in other local firms. The materials are not well translated, the English is therefore not very clear, and a lot of the control comes from the parent company. Passing the professional qualifications has been difficult because it is about TeleCo 2 processes: they use different terminology and acronyms, which are alien to the senior manager and locals in general. He has received some help from his Chinese colleagues, and they expect him to help them in the future, which is known as *renqing* (favour).

> "They refer to it as Chinglish, but it's quite hard you know when you are reading through it trying to understand what the learning content is, and some of the messages that they gave were unique. I wouldn't see that anywhere else." (Local Senior Manager 2, TeleCo 2)

> "Someone helped me to pass. But then, in turn, I'm slightly indebted to that person now. I have to help him in the future. That sort of thing. It's a very different working practice." (Local Senior Manager 2, TeleCo 2)

4.2.3.3. Performance Appraisal

One of the main HRM practices of Chinese companies is performance appraisals. In all cases, the parent companies were very successful in transferring their performance appraisal policy and procedure to their UK subsidiaries, except for ManuCo 1, which is still similar to other local firms in the UK. In ManuCo 2, TeleCo 1 and TeleCo 2, the performance appraisal is considered to be one of the main HRM practices. It has been transferred from the parent companies and is firmly controlled by the parent companies. It is standardised in terms of how the review is conducted, how employees' performance is measured, and the grading level.

> "Performance review processes and the methods for evaluating individual capability are very strongly led by the China parent company." (Local Managing Director, ManuCo 2)

> "Performance appraisal is global, and it is the parent company-wide system that we use. It's a very big part in TeleCo 2, a really big part." (Local HRBP, TeleCo 2)

In ManuCo 2, they have completely adapted to the parent company performance review. On the evaluation form, there used to be questions about how many times the employees had visited China in the previous 12 months and how the employees had influenced their Chinese colleagues. There were also questions related to the values of the Communist Party. Some Chinese-focused questions therefore had to be tailored so that they were more relevant to the UK business. However, overall, it is still very similar to the parent company performance appraisal.

> "Some of the evaluation criteria, for example, in the Chinese business, did relate to activities within the party, which was not appropriate for the UK business." (Local Managing Director, ManuCo 2)

Another transferred practice is technical upgrading. Each year, there is a panel, mostly UK directors, senior staff and two Chinese parent-company representatives. Employees are invited to present to the panel and explain why they should be promoted. If the employees qualify, they are awarded a higher grade, and that comes with more benefits.

> "Each year, there would be a panel of about seven or eight senior managers across the business, and you would be invited if you qualified to go in and basically do a five-minute presentation. They would then have 10 to 15 minutes to question you, and if they thought you were a Technical Grade

> 4, or a Technical Grade 5 or a Technical Grade 3, they would then give you that award." (Local Senior Manager, ManuCo 2)

In those three cases, the performance appraisal focuses on the scores and results (e.g. what the employees have achieved) and ignores how they have performed their task. For example, in ManuCo 2, before the acquisition, the performance review involved many discussions, whereas the Chinese review focuses more on scores and achieving the targets. It was described as old-fashioned and outdated with no apparent link to personal development.

> "Before the acquisition, it was more of a discussion, whereas in ManuCo 2, it's more documented and scored and less discussion." (Local Senior Engineer, ManuCo 2)

This is even more evident in TeleCo 1 and TeleCo 2. They have a similar philosophy in which their performance appraisal is driven by being number one, and it is results-oriented, not development-oriented. The main outcome of the appraisal process is the score, and after the review, there are no official one-to-one meetings and no communication between managers and employees. Employees receive the score and do not discuss their professional development, which is different from the big British telecoms firms, which place great emphasis on personal development. However, in TeleCo 1, one director was British and he was the only one who communicated the performance results and gave feedback to the employees.

> "No discussion whatsoever in terms of your personal development, so everything is just based on what you need to achieve. You got to meet the KPI by hook or by crook, so it doesn't matter; you just get it done. So nobody cares how you do it." (Local Consultant (of Chinese Origin), TeleCo 2)

> "That means that no employees will receive any feedback. And I think that's crazy because if you have to perform, you have to understand as well what you are doing well and what you are not doing very well, or if there is something that you need to improve." (Local/European HR Specialist, TeleCo 1)

Because ManuCo 1 does not implement the Chinese performance review, their review is primarily used to give the employee feedback about their performance, agree on objectives, and identify training or development opportunities. The expatriates and local Chinese workers find the ManuCo 1 performance review to be not very structured and it has no systemic follow-up process. The parent company tried to introduce its performance review, which was undoubtedly influenced by communist values. However, they failed to convince the subsidiary management.

> "For example, in headquarters in China, they have a very clear system, they have a clear employee review system and then follow up if you did well and you are able to get some bonus or promotions. If you did not do well, you might have some

> consequences. But here no very clear management system and no clear consequence. I think based on this management situation, it is hard to make a profit." (Expatriate Senior Engineer, ManuCo 1)

Moreover, in all cases**,** promotion is controlled and should be approved by the parent company. For example, in ManuCo 2, the parent company controls promotion and upgrading and agrees with the Chinese representatives. When employees do not want to move to a managerial position but want to work in a technical role, they can apply for the technical grading and are promoted at the technical level.

> "The promotion processes, performance review processes and the methods for evaluating individual capability. All of those processes are very strongly led by the China parent." (Local Managing Director, ManuCo 2)

> "If you are a technical expert, you don't have to go into management, you can actually become an even better technical expert. We do not want to lose your technical expertise by moving you into a management position." (Local Senior Manager, ManuCo 2)

But the main difference between the acquired cases and the greenfield cases is that non-Chinese employees can be promoted to management positions in

acquired cases. In TeleCo 1 and TeleCo 2, promoting local employees to senior positions is incredibly difficult and almost does not exist for non-Chinese employees. They send employees from the parent company to the UK's subsidiary and appoint them to senior positions.

> "The general pattern is that it will be someone in HQ that will start off in HQ learning all the processes, then they will move to a challenging country." (Local Senior Manager 2, TeleCo 2)

> "It would be very difficult then to move up because I do not speak Chinese. So, you need to start dealing with China then." (Local Business Manager 1, TeleCo 1)

For local or non-Chinese employees to be promoted to a senior position, they need to be able to communicate very well with the parent companies. That requires speaking fluent Chinese and having a fundamental understanding of Chinese culture and norms. It would be challenging for locals to compete with expatriates for senior positions. Hence, they become frustrated, and many of them leave TeleCo 1 and TeleCo 2 once they reach a certain level. Some research participants left working for these companies because they had reached the point where they would never go any higher. Moreover, *guanxi* can play a significant role in opportunities for promotion; it depends on the relationship with the line manager.

> "You are not going up, they might get pay increases, but to go to the next level up would be a big thing for them." (Local Senior Manager 2, TeleCo 2)

> "You cannot be promoted unless you have, let's say *guanxi*, your cycle of connections." (Local Sales and Support Administrator, TeleCo 1)

Finally, a clock in-out system was introduced and implemented in ManuCo 1 to monitor the attendance of the employees. This is a Chinese working practice that has been transferred from the parent company.

> "New system was introduced and installed and everybody when they arrive on site, they clock in, and when they leave, they clock out. The system compares their clocking times with their contracted hours, and then any anomalies get highlighted with the manager. It also manages the sickness process and the annual leave process as well, and deals with all the attendance type." (Local Manager 2, ManuCo 1)

4.2.3.4. Compensation and Benefits

In all cases, payment and benefits are in line with UK employment law, such as the pension and the healthcare scheme. However, acquired cases offer more localisation benefits that cannot be found and are very difficult to introduce in greenfield cases. For example, in ManuCo 1 and ManuCo 2, they offer flexitime,

working from home, 26 days' holiday, which is more than the industry norm, and a cycle-to-work scheme. Moreover, both cases pay professional institution membership fees and pay more attention to the inclusion of women. They have introduced a better maternity rate and encourage more females in STEM. In all cases, their contributions to the pension scheme are low compared to other firms in similar industries.

> "The compensation is a very friendly company. I think generally, the terms and conditions are quite good. I think the general package is good." (Local Manager, ManuCo 1)

> "And then on top of your 26, if you would be there for ten years, you got an extra two days." (Local Senior Engineer, ManuCo 2)

In greenfield cases, however, they offer limited benefits that meet the minimum requirements of the law. For example, they offer 20 days of annual leave only. If the UK's legal requirement is 20 days, they only offer 20 days, even when most companies in the UK are offering 25 days. But they do pay all their employees for Chinese holidays.

> "It's very limited, and I would say, compared to other telecoms companies. Compared to a British company or a European company, it's terrible." (Local Team Leader (of Chinese Origin), TeleCo 1)

> "Holiday entitlement, I only actually get the minimum, it's only the last year because of my seniority they started adding a few extra holiday days." (Local/European Head, TeleCo 1)

Similar to ManuCo 1 and 2, the pension scheme is relatively poor, and they do not offer a flexible statutory sick leave scheme. They follow the bare minimum legislation. In greenfield cases, they believe more in financial rewards than equal benefits for everybody, which is different from local firms. For example, if a person is ill, there will be a considerable drop in his/her income, mainly because the bonus accounts for a huge percentage of the salary.

> "I would say benefits are not very generous, it's just minimum, like maternity pay, that's all, it's just statutory maternity pay unlike a lot of other firms would offer even a year's full pay." (Local Chinese HR Specialist 2, TeleCo 2)

One of the main differences between acquired and greenfield cases is flexitime and working from home. These were introduced in ManuCo 1 and ManuCo 2 as one of the best practices in other British firms. Neither greenfield case offers flexitime or working from home, and some Chinese employees work overtime voluntarily without payment, which results in a poor work-life balance. The working hours in TeleCo 2 are higher than they would be in other British firms. In addition, the MD tried to encourage employees to work an hour extra by offering them free dinner. Chinese employees do work longer, but local people would prefer to spend time with their families.

> "Working from home is not really allowed. You need to be in the office. This is on a generic scale." (Local Team Leader (of Chinese Origin), TeleCo 1)

> "It's a very Chinese thing because, for me, I would say I prefer to eat home with my husband and with my family, so I don't think a lot of the local employees appreciate that because they want to go home to eat with their families." (Local Chinese HR Specialist 2, TeleCo 2)

All cases offer subsidised or free lunches. For example, TeleCo 1 offers free lunches. In some cases, only Chinese food is offered or only Chinese food is subsidised and not the local English canteen. Some local employees describe this as an act of discrimination.

> "A longstanding argument is that if you took the Chinese meals, they are subsidised, but there is an English restaurant as well, and it was not even subsidised, some people considered this as discrimination again the local people." (Local Senior Engineer, ManuCo 2)

Lunchtime for Chinese employees is very important, but it is only a short break for some local employees. This is more evident in TeleCo 1 and TeleCo 2 because the majority are Chinese. The lunch break is considered to be long relative to other local firms: the whole team meet and talk, and it is very

interactive. Also, some Chinese employees might have a short nap in the office. Despite this, some expatriates think that the lunch break is short.

> "It's really important for the Chinese to eat lunch. That practice [lunch break] was completely alien to me because that was not the norm, that's not what everybody does here, which is quite nice actually." (Local HRBP, TeleCo 2)

In terms of salary, in all cases, this is in line with UK employment law and is determined by employment law (National Living Wage). However, the final salary is decided by the parent companies. ManuCo 1 pay a very low salary, 12% below average, which is justified by factors related to the market, location and performance. However, in some engineering roles, if it is a highly skilled and much-needed position, employees can be paid relatively high salaries. In contrast, in ManuCo 2, salaries are very competitive compared to other companies, even for recent graduates and those in junior positions.

> "Salary and remuneration were heavily benchmarked, so kind of annual consultant reports to look at comparative salary and remuneration for similar roles in the UK or Europe. The final salary and remuneration, the promotion processes are very strongly led by the China headquarters." (Local Managing Director, ManuCo 2)

When TeleCo 1 and TeleCo 2 were first established in the UK, the salaries offered by both firms were competitive compared to the market. TeleCo 1 salaries in particular were very high and competitive. However, in subsequent years, the remuneration package did not keep pace with the market and the HR team did not compare and benchmark the market. Today, TeleCo 1 pay about 20% lower than the industry average. They also follow the minimum wage for local Chinese students. Compared to Chinese employees, some European employees are receiving a much higher salary, which has been offered as a way of attracting them, but at the same time, it is still lower than market rates. Like TeleCo 1, TeleCo 2 was more generous when they first started their business in the UK as they used to have more local employees. The salaries of some of the executive positions are still much higher than the market average, but for other positions, their base salary is not as competitive as the market.

> "A few years back, TeleCo 2 was known to be generous, about five, ten years ago, because we need to attract people." (Local Consultant (of Chinese Origin), TeleCo 2)

In all cases, there is a strong link between performance results and bonus structure. All cases adopted a Chinese bonus structure (punishment and reward). Although ManuCo 1's parent company could not introduce their performance appraisal system, they managed to transfer the bonus structure. However, in ManuCo 2, the bonus system is more structured compared to ManuCo 1. ManuCo 2 have two bonus tips: a yearly bonus in January, for everybody, and

then a technical bonus. The technical bonus is one of the Chinese standardised policies to reward employees with excellent technical ability.

> "So, we then had to find a way to apply that type of new idea, a new way of thinking to the business which we did. Changed to become like a bonus structure so that if we performed well, they would apply a bonus to everyone, and we have not been used to bonuses." (Local HR Director, ManuCo 1)

> "For example, with grade 5 you would usually get a bonus in June, an extra bonus. You also got an uplift in your travel to China, so instead of flying economy, you might fly business class." (Local Senior Manager, ManuCo 2)

Although the salaries in greenfield cases are relatively low and they do not offer an annual salary increase, the bonus accounts for a huge percentage of the salary. They also have random cash bonuses, for which they allocate a budget, and they reward employees if an employee carries out a good piece of work. For example, in TeleCo 1, employees who receive a commission find that their total salary is comparable with those offered by big firms. In TeleCo 2, the bonus can account for almost 50% of the salary.

> "I was actually quite surprised because, in my negotiation over the salary, their bonus scheme was much better than anywhere else that I would have, but in my mind, I always just treat

> bonuses as I don't value that. Usually, if I did something, I just thought, well, that's part of my job really, and then I got given some money, and I was like, you know it was a nice gesture." (Local Senior Manager 2, TeleCo 2)

> "My base is lower than friends working for [two big firms], but the total revenue for the whole year is slightly higher, assuming I will meet my targets yearly." (Local Chinese Business Manager, TeleCo 1)

> "The bonus is pretty good if you are a good performer, the bonus could be very generous because TeleCo 2 is not a listed company, so don't have to answer to the investors, our bonus distribution system is linked to the revenue." (Local Chinese HR Specialist 2, TeleCo 2)

There are two types of scenario for bonuses in greenfield cases: if employees perform very well, they receive a higher total package than the industry average, but if they do not perform well, the total package is similar to or even lower than the industry. However, the bonus could be decided based on how good the employee's relationship is with their line managers (*guanxi*).

> "So, they are happy to give you money, but they would expect you to work as much time as possible in the office and

> contribute as much as possible to make the money worth it." (Local Manager, TeleCo 2)

Finally, the recruitment of local Chinese employees on rolling contracts has implications for salary and benefits. These employees are paid very low salaries and do not receive any benefits. For this reason, many local Chinese employees leave TeleCo 2.

> "Chinese just paid £70 per day and just a junior […] even if you got many experiences from other countries. But for the local people, it's different. You have got high benefits and salaries, a high bonus. Some of the managers get maybe £1,500 per day." (Local Chinese Manager, TeleCo 2)

In summary, despite differing degrees of influence, all four HRM practices are influenced by the perspectives of the host country and home country or country of ownership. This leads to some localised and some standardised elements of each practice. In terms of the mode of establishment, the influence of the home country was more apparent in greenfield subsidiaries. In terms of HRM practices, it was apparent that the influence of the parent companies was more focused on performance appraisal and rewards and benefits. However, they do also influence recruitment and selection and remuneration as well. Regarding training and development, there was clear evidence of variation in this between the acquired and the greenfield cases.

Table 4.4: Localisation and Standardisation of HRM Practices

Themes	Sub-themes	Summary
1. Recruitment and selection	**1.1. Localisation influence**	- All the cases follow localised professional practices similar to those of other local companies. - In all the cases, they have to comply with local employment law, especially when transferring expatriates and recruiting local Chinese people. - In greenfield cases, they needed to recruit some local and European employees with international experience to target companies in the UK and Europe.
	1.2. Standardisation influence	- In all cases, the parent companies strictly control the headcount, definition of roles, and approval of senior management positions. - In all cases, they appoint Chinese expatriates in key senior positions. - In all cases, there is a focus on recruiting local Chinese employees. In the acquired cases, the reason is to improve communication and collaboration with the parent company, while in greenfield cases some jobs need Chinese communication skills and individuals who are familiar with Chinese culture, and it is easy to shape them to the culture of the company. - In greenfield cases, they use Chinese-speaking recruiting agencies to recruit local Chinese workers. - In all cases, during the interview, they ensure that the candidate's Chinese languages skills and cultural knowledge are a good fit. - In all cases, the recruiting can be influenced by *guanxi*. Subsidiaries would occasionally have some people who were not necessary to the business, who came on the parent company's instructions.

Themes	Sub-themes	Summary
2. Training and Development	**2.1. Localisation influence**	- In acquired cases, training and development are similar to many other British companies. They have a clear training and development plan. - In acquired cases, they offer their employees different training and development opportunities, including continuing professional development. - In acquired cases, they use the British government's apprenticeship levy to fund the training and development of their employees.
	2.2. Standardisation influence	- In acquired cases, the parent companies ensure that certain training programmes are delivered to the UK subsidiaries as part of their business integration. In addition, other training programmes are offered to improve cultural understanding and build a better global team. - In acquired cases, the parent companies encourage and financially support any training in the acquired case, especially for engineers, and they send some of the subsidiary's employees to the parent company to receive training. - In greenfield cases, they offer minimal training, and it is not one of their priorities. - In greenfield cases, the parent companies do not support or pay for professional training. - In greenfield cases, the onboarding training (induction) focuses on understanding the Chinese culture and values of the subsidiaries. - In greenfield cases, they believe strongly in on-the-job training. Therefore, they look for people who are ready to perform and do not want to invest in professional development. - In greenfield cases, the training is centralised, and the parent companies have very high levels of control over the training. - In greenfield cases, the training is mainly in Chinese and is not inclusive, thereby limiting training opportunities for local and European talent.

Themes	Sub-themes	Summary
		- In greenfield cases, some employees will be chosen for training on the basis of how good their relationship is with their line manager (guanxi) or the HR manager.
3. Performance Appraisal	**3.1. Localisation influence**	- In ManuCo 1, they use a local performance appraisal system similar to what they used before the acquisition and similar to other local firms in the UK. - In ManuCo 1, the performance review is primarily used to give the employees feedback about their performance, agree on objectives, and identify training or development opportunities. - In ManuCo 1, the parent company tried to introduce its performance review, which was influenced by communist values. However, they failed to convince the subsidiary management.
	3.2. Standardisation influence	- In ManuCo 2 and greenfield cases, the performance appraisal has been adopted from the parent companies and is firmly controlled by them. It is standardised in terms of how the review is conducted, how employees' performance is measured, and the grading level. - In ManuCo 2 and greenfield cases, the performance appraisal focuses on the scores and results and ignores how they have performed their task; in other words, it is result-oriented and not development-oriented. - In ManuCo 2 and greenfield cases, the main outcome of the appraisal process is the score, and there are no official one-to-one meetings and no communication between managers and employees to discuss their professional development. - In all cases, promotion is controlled and should be approved by the parent company. - In greenfield cases, promoting local employees to senior positions is incredibly difficult; promotion almost does not exist for non-Chinese employees. - In all cases, guanxi can play a significant role in opportunities for promotion, which depends on the relationship with the line manager.

Themes	Sub-themes	Summary
		- In ManuCo 1, a clocking in system was introduced and implemented to monitor the attendance of the employees. This is a Chinese working practice that has been transferred from the parent company.
4. Compensation and Benefits	**4.1. Localisation influence**	- In all cases, payment and benefits are in line with UK employment law, such as the pension and the healthcare scheme. - In acquired cases, they offer more localisation benefits that cannot be found in greenfield cases and are very difficult to introduce there (e.g., flexitime, working from home, 26 days' holiday, which is more than the industry norm, and a cycle-to-work scheme). - In acquired cases, they pay professional institution membership fees and pay more attention to the inclusion of women. They have introduced a better maternity rate and encouraged more females in STEM. - In greenfield cases, they offer limited benefits that meet the minimum requirements of the law. For example, they offer 20 days of annual leave only. - In all cases, the salaries are in line with UK employment law and are determined by employment law.
	4.2. Standardisation influence	- In greenfield cases, they offer limited benefits that meet the minimum requirements of the law. But they do pay all their employees for Chinese holidays. - In greenfield cases, they believe more in financial rewards than equal benefits for everybody, which is different from local firms. - In greenfield cases, they do not offer flexitime or work from home, and some Chinese employees work overtime voluntarily without payment, which results in a poor work-life balance.

Themes	Sub-themes	Summary
		- In greenfield cases, they encourage employees to work an hour extra. - In all cases, they offer subsidised or free lunches; the lunchtime for Chinese employees is very important and is considered to be long relative to other local firms. - In all cases, the final salary is decided by the parent companies. - In all cases, there is a strong link between performance results and the bonus structure. - In all cases, they adopted a Chinese bonus structure (punishment and reward). - In greenfield cases, the salaries are relatively low, and they do not offer an annual salary increase. - In greenfield cases, the bonus accounts for a huge percentage of the salary. They also have random cash bonuses to reward employees if they carry out a good piece of work. - The bonus could be decided based on how good the employee's relationship is with their line managers (*guanxi*).

4.3. CHAPTER SUMMARY

The analyses of the chapter were divided into two main sections. The first section offered a description of each subsidiary's history and its parent company and the latter's motives for their investment in the UK. It highlighted the differences between the subsidiaries in terms of their mode of establishment. The second section was a cross-case analysis, and it started by comparing employee representation in both acquired and greenfield cases with an emphasis on the HR department. It showed the extensive use of expatriates in senior management positions in greenfield cases and their lack of representation in acquired cases. However, it also indicated that, despite their low representation in acquired cases, they do hold senior positions. In terms of HR representation, all members of the HR team are local employees in acquired cases, whereas in greenfield cases, they are all Chinese except for a few locals who work as HRBPs in TeleCo 2. This research found the local and local/European employees in greenfield cases perceived the HR function as unprofessional and labelled it as traditional personnel management. It also indicates the low level of autonomy and power of the greenfield cases' HR teams compared to that of acquired cases.

The chapter then analysed and compared four HRM practices of the four cases by offering an in-depth description of what elements of each practice are localised versus standardised and the similarities and differences among them. Despite the difference in the degree of influence, all four HRM practices are influenced and shaped by both the host-country and home-country perspectives. This chapter provides a basis to understand the localisation and standardisation of the implemented HRM practices in the subsidiaries. However, understanding

the localisation and standardisation of HRM practices requires an in-depth explanation and contextualisation. This can be achieved by explaining the influence of institutional and social actors in the subsidiaries' HRM practices. This includes identifying the mechanism of control exercised by different actors and the sources of control. The next chapter, Chapter 5, focuses on how these mechanisms influence the localisation of the subsidiaries' HRM practices, while Chapter 6 focuses on the standardisation of the practices.

CHAPTER 5: LOCALISATION OF HRM PRACTICES: MECHANISMS AND SOURCES OF CONTROL

5.0. INTRODUCTION

This chapter presents the findings of the study in terms of the localisation of subsidiaries' HRM practices. This includes identifying and explaining the influence of both host country and home country, and of subsidiaries' social actors in the localisation of subsidiaries' HRM practices.

Understanding the level of localisation of HRM practices requires a critical analysis and explanation of the mechanisms and sources of control used by the different actors to localise the HRM practices. The research explores and explains two main mechanisms of control used by subsidiaries' social actors: coercive compliance and noncoercive compliance. Both of these are considered to be mechanisms and sources of control. It then explains two sources of control of the subsidiaries' social actors: first, parent companies' dependency on the technical expertise and market knowledge of individuals at the subsidiaries; second, parent companies' dependency on the strong relationship (*guanxi*) with social actors in the subsidiaries. These two sources help the social actor in the subsidiaries to use noncoercive compliance. In addition, the analysis focuses on how parent companies respond to and manage institutional pressure. Finally, it presents how this has resulted in a decrease in the parent companies' control and

an increase in the localisation of the subsidiaries' HRM practices. A summary of the findings is presented at the end of the chapter (see Table 5.1).

5.1. LOCALISATION OF THE SUBSIDIARIES' HRM PRACTICES

5.1.1. Mechanisms of Control

5.1.1.1. Coercive Compliance: Host-country Employment Regulations

In all cases, the most common theme is compliance with the host country's employment law. This is considered a top priority for the Chinese subsidiaries in the UK. Host-country legal regulations are one of the most significant environmental pressures on subsidiaries' HRM practices (Schuler et al., 1993; Taylor et al., 1996; Gamble, 2003; Chang et al., 2009).

> "You have to comply with local employment law. So, you have to respect all the processes and all the steps that they are required by law. So, everything is by law." (Local/European HR Specialist, TeleCo 1)

> "The company emphasises the compliance at a very top level." (Local Chinese HR Specialist 2, TeleCo 2)

However, there is a difference in the degree to which they adhere to local regulation requirements. In the acquired cases, for example, the benefits are more localised compared to the greenfield cases. Greenfield cases merely follow the minimum requirements set out by law. For example, as mentioned in Chapter

4, they offer 20 days' annual leave only, and they follow the minimum legislation in statutory sick leave, pensions and statutory maternity pay. These are minimal compared to a British or European company. Even when the HR manager asks the parent company to localise some practices, their requests are always refused because they are not required by law.

> "It's just minimum law requirement, like maternity pay, it's just statutory maternity pay unlike a lot of other firms would offer even a year's full pay also income protection insurance. So, this is the type of benefit really good for the employees. But it's not a legal requirement in the UK." (Local Chinese HR Specialist 2, TeleCo 2)

Although both acquired and greenfield cases comply with the regulations, they have faced some conflict with local laws. Due to the parent companies' and expatriates' lack of understanding of local law, they have tried to introduce new practices and changes to HRM policies and practices. These practices work well in China and are embedded in the parent company; however, they conflict with local regulations and cause problems for HR managers. Prime examples include asking to lower the salaries of particular employees, forcing workers to take on more shifts and hours, moving UK holidays so that they align with Chinese holidays, and asking for employees' data in a way that does not comply with GDPR. In some cases, parent companies want to send expatriate engineers at short notice without recognising the complexity of immigration law.

> "Do I have problems with implementing some of the things that our Chinese parent company want because of UK legislation? Very much so, yes. It's just a fundamental lack of understanding. They will not understand it because they don't have a broad enough experience in the UK. We have a National Living Wage here. You cannot just do that to people. You cannot just take their wages off them. I think, sometimes, I'm a disappointment to them when I say, 'I cannot do it'. The sales and marketing director thought to himself, 'I need these people to sell more things for me. So, the way I will motivate them is by taking money off them and promising them money if they succeed. That is how I will motivate them'." (Local HR Director, ManuCo 1)

A similar situation has been found in the greenfield cases where not only was there a lack of understanding by the parent company and expatriates, but the Chinese HR teams were not adequately familiar with local law. They have some issues related to compliance, such as information security guidance and occupational health guidance. One of the employees who became disabled while working at TeleCo 1 had numerous discussions with them to accommodate his illness within the business's scope. However, the subsidiary did not adhere to occupational health guidance, and the employee considered suing them. They therefore had to hire local and European HR specialists and used a local consultancy company to evaluate and assess the case to avoid problems.

> "I have seen the global policy win over, which is not right, it's against the law, so I am negotiating with my employer for the potential package; otherwise, I will sue them." (Local/European Head, TeleCo 1)

> "We used to call consultants specialised in health and safety, specialised in employment law, specialised in immigration and mobility, in order to get the things done." (Local/European HR specialist, TeleCo 1)

Because the parent companies and expatriates lack knowledge and understanding of local employment regulations, they became more dependent on the local employees to ensure compliance with local regulations, which is consistent with previous research (Zhang and Edwards, 2007; Cooke and Lin, 2012). Therefore, whenever the parent company requests changes that contradict the host country's employment regulations, the subsidiary's HR managers and management will interpret the situation and use this contradiction to apply compliance pressure. They exploit contradictions to further their self-interest (Fligstein, 1997), which is maintaining current practices and rejecting imposed standardised practices to ensure local legitimacy.

Subsidiaries' social actors can limit and constrain the parent company's control using the host country's regulations. Compliance can reduce conflict and secure external legitimacy (i.e. legitimacy in the host country). However, according to Kostova (1999), achieving legitimacy in a host country can be very difficult

when the degree of institutional distance between the parent companies and their foreign subsidiaries is very high. This is not only due to the vast difference in the regulations but also to the huge differences in local norms and cultures that sometimes have an equal or greater influence than written regulations in the UK (Estrin and Prevezer, 2011; Wood, Dibben and Ogden, 2014; Khan et al., 2019). For CMNCs, reputation in a developed country is considered highly sensitive, and therefore, complying with regulatory requirements might not give them freedom to exercise significant control over HRM practices or immunity if they do not comply with local norms.

5.1.1.2. Noncoercive Compliance: Host-country and Local Corporate Culture and Norms

Acquired cases have a long history as well-established British firms with institutionalised practices. Their culture and norms are deeply embedded in the subsidiaries. This makes it very difficult for the parent companies to enact changes to introduce new practices in subsidiaries with distinct histories and structures (Lawrence and Suddaby, 2006). Scott (1987) argues that the initial structures and processes may become institutionalised as the way things are done, which is an important reason for the persistence of organisational features over time.

> "We had a long track record of operation before we had any involvement with the parent company. Really that way of working and adoption of UK and EU regulations and laws has always been ingrained in us." (Local Manager 2, ManuCo 1)

Therefore, in these cases, the parent companies did not exercise high levels of control or imposed new practices. Doing so would create high complexity and incompatibility (Greenwood et al., 2011; Lewis et al., 2019), instability and conflicts (Battilana and Dorado, 2010; Luo, Wang and Zhang, 2017) between the acquired case subsidiaries and their Chinese parent companies. For example, the parent company asked the subsidiary to increase the salaries of all the R&D centre's employees only to be able to attract better engineers. However, the HR director refused their request because it was not fair for other employees in other departments as it was considered to be against local values and norms.

> "No, they cannot just increase the salaries for all the R&D centre staff because they have control over the R&D centre, so they are thinking about the R&D centre, but I'm thinking about the whole organisation […] imagine the trouble that you would get into if you are just increasing the salaries for one bunch of people and not the rest." (Local HR Director, ManuCo 1)

Local social actors are also carriers of their local norms and culture and therefore tend to maintain localisation of their HR practices. It has also been noted that the extent to which subsidiaries adopt certain organisational practices is influenced by the extent to which organisational actors have views that are taken for granted in these practices (Björkman et al., 2007).

> "There is a link between how we are so localised and when the firm was first acquired by the Chinese parent company. They

> retained most of the workforce coming from there." (Local Analyst (of Chinese Origin), ManuCo 2)

On the other hand, in the greenfield cases, both parent companies transferred their corporate culture and some HRM practices, procedures and policies to their new subsidiaries in the UK. It has been noted that forming such a corporate culture aids transferral and diffusion of parent company practices (Brenner, 2009). In both cases, there is a strong presence of Chinese cultural values and management practices. This is also due to the significant proportion of expatriate employees. Because of this, they did not feel the need to introduce any localised changes.

> "The presence of the Chinese culture is very high, so it's managed according to the Chinese rules, and if all the directors are Chinese, why do you have to change something?" (Local/European HR Specialist, TeleCo 1)

However, having a Chinese culture while working with local employees can create many challenges for the parent company, particularly when Chinese HR managers and other expatriate managers lack awareness of local norms and culture. For example, in TeleCo 1, they changed the sales employees' commission plan without communicating that change to the employees. The local and European employees were very frustrated and have complained about this change, yet the Chinese HR manager could not understand why they behaved the way they did. The local/European HR specialist had to interfere and

explained to her local norms and beliefs with regards to their rights as employees and how it was not acceptable to implement such a change without communicating it with the employees concerned.

> "That's normal. This is something that you should expect every time you touch some rights to someone in Western culture. In China, they do not have the concept of the rights as something they have to defend." (Local/European HR Specialist, TeleCo 1)

Another example from TeleCo 2 is when employees resisted an imposed practice and refused to use the clock in-out system. Over time, this caused the practice to weaken and disappear: less powerful actors were able to disrupt standardised practices, an example of the phenomenon termed deinstitutionalisation (Oliver, 1992; Scott, 2001). When a new practice or norm is not accepted by the actors, they lobby to maintain local legitimacy.

> "There was a culture of clocking in and clocking out, and it was fairly strongly enforced; they are not enforcing now because so many people were ignoring it." (Local Senior Manager 1, TeleCo 2)

> "This manager was sent from China, and he is very traditional Chinese, he is strict using attendance to track people, he has to

> respect the local culture." (Local Chinese HR Specialist, TeleCo 2)

In TeleCo 2, employees also refused some of the expatriates' management practices. A Chinese manager used to send a shaming email to employees, and everyone in the department could read the manager's email naming and shaming them for their low performance. But one day, one of the local employees who received the email was extremely irritated and complained, threatening to sue TeleCo 2. They stopped this practice as they realised that it is unacceptable in the UK and against the country's culture and norms and that it would cause them many problems.

> "In the past, emails were sent out whereby it's almost like disciplinary emails. If someone's made an error, it would be public, people were instantly going and getting their lawyers, and it was causing chaos. And then they realised that is not how it operates." (Local Senior Manager 2, TeleCo 2)

This practice can be related to Confucian philosophy, where punishment is used to develop a sense of shame (Tiwald, 2017). The meaning of this practice is associated with the corporate culture of the parent company. However, locals interpret the practices according to their meaning in their local culture and norms, which hold different and negative meanings. This is a clear example of cultural incompatibility, in which the norms and values of the parent company contradict the local norms of the host country. This contradiction enables

institutional change (Thornton et al., 2012; Smets et al., 2015); hence, parent companies have been forced to abandon some standardised Chinese working practices.

Parent companies take any mistreatment of local employees seriously and might send any expatriates found to be guilty of this back to China. Consequently, they must be cautious not only in complying with rules and regulations but also in considering local norms and culture to maintain their reputation in the UK. According to Covaleski and Dirsmith (1988, p. 563), "the general theme of the institutional perspective is that an organisation's survival requires it to conform to social norms of acceptable behaviour". For example, ManuCo 1 was the parent company's first overseas acquired firm, and to maintain a good reputation, they had to not exercise high levels of control. Although there have been some issues in greenfield cases, the parent companies paid close attention to the reputation and negative stereotypes that the host country and individuals had already developed about the Chinese firms and their working practices.

> "We need to represent the country (China), so we cannot push too hard, so we did not introduce changes because of our reputation." (Expatriate Senior Engineer, ManuCo 1)

> "So, it's important to make sure that from a reputational perspective, we don't do anything that could damage that. That's very much required from HQ to all the subsidiaries, and

> they understand the importance of that." (Local HRBP, TeleCo 2)

Another interesting finding is how careful the expatriates are when dealing with and managing local and Western employees. Local Chinese and local employees noticed the differences in management. Chinese managers would treat a local employee in a much friendlier manner than a Chinese employee. Cultural expectations are different; there is a further power gap if Chinese employees work for a Chinese boss than for a British boss. Although Chinese bosses treat local employees much better than they treat Chinese employees, they might not do so purposefully to favour the local people; rather, it's more of a cultural adjustment and at the same time to avoid a negative reputation and stereotypes.

> "So they would always say, 'You guys are all very lucky that you don't get the pressure that we get.' I would say, 'Why not?' They would say, 'Because we are Chinese, we get more pressure than you.' And the Chinese feel more able to talk to Chinese in a different way. So yeah, they would shout and scream, be a little bit more abrasive; and they just would not do that with Europeans. So the Chinese used to say, 'You guys get away with everything; you Europeans are lucky that no one ever tells you anything'." (Local Business Manager 1, TeleCo 1)

> "I was involved in a project that went a little bit wrong, we all got brought into a room because we had all been working on it, and then it was a case of you know he went through it in English to explain what had gone wrong, but very politely and it was a case of learning from it. And then he told me and another local staff, a colleague, that we could leave the room now. But the expatriates were still in the room at that point. And I am pretty sure that they will have got in more trouble than us. I think they hold themselves to a higher standard than the local staff. There is definitely that sort of thing going on." (Local Senior Manager 2, TeleCo 2)

Moreover, the negative reputation and stereotypes of Chinese firms caused the recruitment of local talent to be difficult. As discussed in Chapter 4, the parent companies, in all cases, control and approve salaries and benefits, so to overcome the effect of the negative reputation and stereotypes, they had to offer a higher salary and benefits to be able to attract local and Western employees.

> "I think they are forced to pay more than market average, though, because anyone entering that organisation would be a little bit wary. They would be concerned about the risks and the challenges of working there. So that is probably something reflected in the pay." (Local Senior Manager 2, TeleCo 2)

The negative stereotypes held by locals and Europeans regarding China have prevented the parent companies from applying standardised practices (Wang, Feng, Freeman, Fan and Zhu, 2014; Andreeva et al., 2015). Consequently, as explained above, HRM practices are influenced by the negative stereotypes in how they are shaped and implemented and how the conflict between local and Chinese employees and managers is managed. Despite the fact that many Chinese firms are expanding their operations globally, this stereotype is strongly presented as local actors often interpret and link the organisational activities and practices of the Chinese managers to their assumptions based on stereotypes.

Interestingly, the negative reputation and stereotypes have not been adequately considered in previous IHRM studies. The analysis of the cases shows that consideration of reputation and stereotypes leads to caution on the part of the parent company regarding the level of control they exert over the firm and how they manage HR practices. Negative stereotypes could be highly sensitive to the Chinese context in terms of their reputation, which is strongly linked to Confucianism. *Mianzi* is one of the significant aspects of Confucianism. According to Wang, Wang, Ruona and Rojewski (2005), *mianzi* means maintaining face and showing respect for social status and reputation. Maintaining face means staying trustworthy and honouring obligations in one's social interactions, and having someone lose face results in denouncing status and reputation and leads to a lack of trust.

Subsidiaries' social actors became aware of the parent companies' interest in "maintaining reputation" and gaining external legitimacy. Thus, they used the

parent-company corporate values and interests as a means not just to reject standardised practices but also to change and introduce localised practices, influenced by local embedded norms. In all cases, some examples indicated acts of discrimination that might affect their reputation. Although British HR teams in acquired cases are more attentive to maintaining a multinational workforce by focusing on inclusion and diversity, the greenfield cases lag behind in this respect. This could be due to the low representation of local employees, particularly in the HR department.

For example, the local HRBP in TeleCo 2 and the local/European HR specialist in TeleCo 1 both used "the reputation interest" to introduce some localised practices. In TeleCo 1, the training of the directors was delivered in Chinese only, even when the first and only British director joined the company. The local/European HR specialist changed the training so that it was delivered in both languages, Chinese and English. Apparently, this was a challenging change to introduce, as all managers had received training in Chinese for the previous ten years. Another example is when the same HR specialist noticed that the expatriate manager would refuse to recruit the best candidate because of his sexual orientation. The HR specialist persuaded the expatriate manager to hire him to avoid any act of discrimination. Although the expatriate manager was afraid that her Chinese colleagues would perceive her negatively, maintaining the parent company's reputation was a priority in this situation. In both examples, the local/European HR specialist successfully introduced changes and embedded local norms and values related to inclusion and diversity in the HRM

practices. She convinced the management by explaining how their current practices could damage their reputation and strengthen negative stereotypes.

> "There was just one English director in MNC enterprise sales department, and it was a big change for the company. It was a big challenge for the training because if you deliver the training in Chinese, it means that you are cutting off one director, so we had to find a balance to involve all the directors in training without excluding anyone. We had to change the training format as well because at the beginning the training was just given, delivered in Chinese. But then the training was delivered in Chinglish as well. And that's a big impact on the company because Chinese management, which was the majority, had some problems understanding the training in English." (Local/European HR Specialist, TeleCo 1)

> "One of the directors, which was Chinese, told me yes, this person is really nice, but he clearly said that he's a homosexual, so he is married to another man. I tried to speak with her and explain the values of diversity and inclusion. She said, ok, but we need to speak with the managing director. Then I realised that for her, the most important thing was what the managing director would think about her if she hires someone who is homosexual." (Local/European HR Specialist, TeleCo 1)

In TeleCo 2, on the other hand, the parent company has been significantly attacked by the international media and this has influenced their reputation. The local HRBP found opportunities via this challenge to propose a number of localised practices to the management team. These practices related to diversity and inclusion and could enhance the parent company image. She also took that opportunity to promote an English-first policy as local and Western employees were intimidated by Chinese being spoken in the office and during meetings.

> "I think to be completely honest with you, with the social media being so negative, it gave us opportunities to address some of the HR stuff because it is all about people and perception. If you get the internal perception better and improved, and there are better practices being looked at, and they understand how that then can affect the external reputation, I think that's important. So, from those perspectives, I think they are a lot more open to hearing more about what HR has to offer." (Local HRBP, TeleCo 2)

> "There is also the statement of English first, so rather than defaulting to Chinese in team meetings. The same with their written work, so beforehand, a lot of the communication was always done in Chinese, and then in English last. English first is still important, it's still, you know, being pushed, it's not there yet, but it's something that we are trying to move on, and it's getting there, but it's little baby steps, you have to take

> whatever you have got as a good point." (Local HRBP, TeleCo 2)

Subsidiaries' social actors noted that part of enhancing their reputation, image and prestige is winning awards. To manage the challenges caused by some of TeleCo 2's standardised procedures, a local manager used award/prestige motives or interests to introduce some localised procedures. First, he started spreading internal knowledge within the team about Chartered Institute of Procurement and Supply (CIPS) accreditation. Then he gave his team some introductory material, brought some textbooks, gave his colleagues training sessions after he had attended any CIPS sessions and updated them with any new legislation. His interest is to make the process easier, professional and similar to that of local firms, while his manager is interested in how this award will benefit him as he will look good to his boss in the UK and China.

> "My boss wanted to know about the CIPS qualification, and I explained well. And he was very impressed by this, and he was asking how we get accredited. He wanted to know where do we go to win an award. Awards mean a lot. You go around the company, and there are awards everywhere and photos of these. So he was like, we need this award." (Local Senior Manager 2, TeleCo 2)

In sum, the host country's culture and norms can limit and constrain the control of the parent company and the pressure to maintain standardisation. Similar to

coercive compliance with local regulations, the parent company complies with local norms for their interest and advantages, represented mainly in gaining external legitimacy and maintaining reputation. According to Meyer and Rowan (1977), DiMaggio and Powell (1983) and Zucker (1988), there are many advantages of compliance with institutional norms: it increases stability, prestige and legitimacy. Moreover, individuals are aware of these interests and use them to localise some of the practices and reject standardised ones. External legitimacy is essential for Chinese firms to operate in advanced economies such as the UK, especially if they depend on the subsidiaries for sources such as technical expertise and market knowledge to achieve their motives for their investments.

The sources that the parent company depend on the subsidiary to gain are considered sources of control, which the subsidiaries' social actors use to exercise more control and further their noncoercive compliance pressure. These are explained in the following section.

5.1.2. Sources of Control

5.1.2.1. Parent Companies' Dependency on the Subsidiaries' Technical Expertise and Market Knowledge

In acquired cases, the main motives for the parent companies to purchase the British firms were the desire for knowledge and technical expertise acquisition and access to the EU market. They depended on the technical expertise of acquired cases and learned a great deal from the UK's subsidiary, which helped

the Chinese parent companies establish a technical sector capability in China. Another part of the learning process is sending many junior engineers to acquired cases to learn and transfer the knowledge back to China. They also used acquired subsidiaries as their global brand outside China for their product, which provided them with access to the European market and British supplies and access to knowledge and research that they would not have been able to gain access to from China. Another interesting point from the parent company's perspective is the respect and reputation of the former CEO of ManuCo 1 in China. He is a well-known scientist and engineer who has a global reputation, which is considered prestigious. Even when he retired, the parent company appointed him as their senior advisor because they value his extensive network as well.

> "So back 14 years ago, all the engineers in the UK, they taught a load of engineers in China, how to build a car and how to do things." (Expatriate, MD's Personal Assistant, ManuCo 2)

> "I had produced a technical book in the early 1990s that China adopted and used as a textbook in some universities." (Local Former CEO, ManuCo 1)

In the acquired cases, due to the subsidiaries' extensive experience and knowledge of the British and European markets, the parent company exercised less control at the beginning of the acquisition. Both Chinese parent companies are young and eager to learn. They are motivated by the host country's advanced technology and engineering sector, which are difficult to find elsewhere. They

have not interfered to a great degree with the existing local practices and culture of the subsidiaries and have not imposed standardised practices that contradict local regulations and culture. This has ensured that the parent companies meet their interests (successful learning and transfer of know-how) by having a more stable learning process and not disrupting the development of superior capabilities (He, Khan and Shenkar, 2018). According to Morgan and Kristensen (2009) and Geppert and Dörrenbächer (2014), MNCs should be examined as groups of national firms in which expertise and advanced knowledge remain in national contexts and over which the parent companies have hardly the capability or interest to exercise complete control.

> "They wanted to learn a Western way of doing business, and they wanted to keep this very much as a UK company." (Local Senior Engineer 1, ManuCo 1)

> "I think a lot of reasons were given initially to maintaining local culture and local processes and allowing a great deal of independence, in my experience they were very mature processes and very well thought through and constructed and worked very well in our organisation because of that history, or that background." (Local Managing Director, ManuCo 2)

> "The culture is doing very similar to what they had before the Chinese acquisition." (Local Analyst (of Chinese Origin), ManuCo 2)

On the other hand, in the greenfield cases, motives differ from those of the acquired cases. Their motives were a desire for an international presence and access to a larger market share. One of the British business managers who spoke Mandarin and had working experience in China describes their UK presence as prestigious for the Chinese companies. The interests of these cases are related to the market and geographical location and are not necessarily associated with rare expertise such as technical expertise (engineering) in acquired cases. Therefore, this research found more centralisation, control and standardisation of the HRM practices in these cases. This is consistent with the findings of Cooke (2012) and Cooke and Lin (2012) that international expansion and market-seeking result in the transferral of HRM practices from the parent company.

> "Our aim is to help growing Chinese companies to expand, but another aim is to have European companies to invest in the Chinese market. We need to expand, but we also need some more investors." (Local Chinese Business Manager, TeleCo 1)

> "Also, there is prestige there, to say you have got an office in London. And they predominantly go to the States first, and then they come back to London." (Local Business Manager 2, TeleCo 2)

However, with time, the parent companies realised the vast differences between Chinese and British culture and environment, and their relatively low knowledge

and experience of the market. Thus, they adopted a localised approach by recruiting local and European employees in sales, one of their main functions.

> "They need Westernised local people to show that they also understand the markets, whereas expatriates might not quite fully understand the markets, the local people can be the link to the local area." (Local HRBP, TeleCo 2)

Although greenfield and acquired cases have different motives, subsidiaries' social actors were aware of how valuable individuals' technical expertise and market knowledge is to their parent companies and parent companies depend on them to achieve their interests and motives. Therefore, local employees used it for their interests. For example, in ManuCo 2, a Chinese director in the parent company asked a British manager to send some engineers for three months to China. The British engineers perceived three months to be very long, and they were not willing to impact their work-life balance, which the parent company does not value. Therefore, the British manager told the Chinese director that this was not acceptable because if he forced them, they would leave for their competitors. He used the interests of the parent company and what they depend on (technical expertise) as the means to reject the request.

> "The director in the UK said I could force people to do that. But we have a very big employer channel within half an hour's drive, and people will leave." (Local Manager, ManuCo 2)

Another example comes from TeleCo 1. When they hired their first British director in the sales department, he played a role in localising some aspects of recruitment, training and rewards. He used a localised recruitment and selection approach and did not involve the Chinese HR manager and the MD in the interviewing and hiring process. He also preferred to hire local rather than Chinese workers because he could not communicate well with the Chinese. Another localised change was the introduction of professional training for local and Western employees in the sales department for the first time. Finally, he also made some changes to the commission plan.

> "Well, definitely he [British manager] changed the logic behind the recruitment process as well, he was doing it the English way, and in the beginning, he did not want much involvement from HR. He changed the way he rates the performance; for the commission as well, he changed the commission plan completely, how to arrange the commission plan, you know, how to organise the commission plan for all the teams." (Local/European HR Specialist, TeleCo 1)

> "The training that was given to the salespeople was because of [British manager]'s initiative mostly. And then when he suggested things like that, other Chinese people wanted to participate as well." (Local Sales Support Administrator, TeleCo 1)

As a new actor, the British manager entered TeleCo 1, a new field, and took his local practices and culture there. He holds a senior position in TeleCo 2 in the most crucial function, sales. The sales department is strongly linked to the parent company's motives for investing. This position gave him a source of control and power to introduce changes based on his local beliefs and taken-for-granted practices. These changes were also justified as a way to achieve the motive of the parent companies to target more UK and European companies.

> "When you hire someone who has such an important role and who has a completely different culture from the culture you are used to, everything has to be changed. If the director has the feeling that you are cutting him off, that's a big problem for the performance. And we are talking about the sales department, which is the department that also brings revenues. I saw some changes, of course, when you hire a sales director who is Western. We had just one director who was not Chinese, and it was a big change." (Local/European HR Specialist, TeleCo 1)

However, some individuals who do not occupy such senior positions were treated more flexibly. Those individuals are also from the sales department. They are also very successful in bringing in business and using their extensive network. Therefore, their Chinese managers are flexible with them regarding working hours and sick leave because they do not want to push them harder and do not want them to leave.

> "So, there was a guy that worked above me, he was a Swedish guy, and he would be in the business from day one. And he would do just whatever he wanted. So he would create this amazing sort of position in the business where he did not answer to anyone, no one, but he brought the business in, so they just left him to do what he wanted." (Local Business Manager 1, TeleCo 1)

> "We had a colleague that was not coming to the office. He was calling sick all the time. Because he was doing his job as a salesperson and bringing the money, his Chinese manager overlooked that because she needed him. And she wrote to China and said, we have no limit in sick leave." (Local Sales Support Administrator, TeleCo 1)

Hiring more and new local actors into the main activity of the business, sales, in greenfield cases caused some instability because they introduced new practices that conflicted with the existing Chinese practices. Despite this, for the parent company, achieving their motives and securing a larger market share was their main priory and interest at that time. This aligns with the findings of Greenwood et al. (2011) that when organisations are faced with incompatible prescriptions or requirements, they prioritise some interests at the expense of others.

From this analysis, when the parent companies are operating in a situation of institutional complexity and lack technical expertise, experience and awareness

of the host-country market, they have less control over their subsidiaries. The parent companies depended on the subsidiaries' technical expertise and market knowledge, and subsidiaries' individuals were aware of their dependency and used that to localise some practices. This dependency can be considered a constraint from introducing new standardised HRM practices to subsidiaries in the acquired cases and a reason to abandon some standardised practices and force some localised practices in the greenfield cases (Thornton and Ocasio, 2008). Nevertheless, it is a means to gain external legitimacy, as explained in sections 5.1.1.1. and 5.1.1.2 on coercive and noncoercive compliance.

The three mechanisms and sources of control mentioned above can be considered to be available resources for use by subsidiaries' social actors for their interest and advantage. It allows them to exercise some agency and limit the parent companies' control by rejecting practices imposed by the parent company and maintaining and introducing localised practices. However, these resources are not enough. Parent companies' motives and interests can be temporary and change with time; even their priorities can change. Moreover, both compliance pressures have limits. Therefore, in the long term, subsidiaries might not maintain these sources of control and their localised practices. Consequently, they realise that they have to gain another source of control by building a strong relationship with expatriates and parent companies' management.

*5.1.2.2. Parent Companies' Dependency on their Relationship with the Subsidiaries (*Guanxi*)*

In all cases, local management and employees build a strong relationship with expatriates and parent companies to maintain and introduce local culture and practices. Through this relationship, they gain the trust of the parent companies and expatriates, which provide them with a source of power and agency.

> "Former CEO is the reason we have such a good relationship with our Chinese parent company. He spent such a lot of time making sure that we have a good relationship with them. So, they trust us very much." (Local HR Director, ManuCo 1)

> "Chinese people expect you to build *guanxi* so I have my own network and my own ex-bosses, I know my *guanxi*, so I built, and I get my information from my informal network in the business rather than in a formal way." (Local/European Head, TeleCo 1)

For example, the local management of ManuCo 1 refused to adopt the parent company's performance management system. As mentioned in Chapter 4, performance management is one of the main HRM practices in Chinese firms. It was successfully and fully transferred and adopted in other cases, but not ManuCo 1. This is due to the unique and strong relationship between the local management and their parent company compared to the other cases. The gained trust gave ManuCo 1 management the power to maintain their practices by

rejecting some of the parent company's requests (e.g. the performance appraisal). The local management successfully convinced the Chinese management and maintained their control over their practices.

> "The one thing that we cannot underestimate in all of this is the strength of the relationship between the guy at the top in ManuCo 1 and his management over in China." (Local Manager 2, ManuCo 1)

> "They would listen to our reasons, and they would understand it." (Local HR Director, ManuCo 1)

An example from the greenfield cases was when the head of global HR from the parent company visited the London office of TeleCo 2. He was surprised by and dissatisfied with the huge number of Chinese employees at the front desk. The former local HR director took an opportunity from this situation and localised the recruitment further. She introduced a new policy requiring individuals to have a British passport to be permanent employees. She had many problems with the Chinese employees and preferred hiring and working with local employees. It is important to note here that she joined the company after its establishment in the UK and benefited from her strong relationship with HQ to make such changes.

> "The UK HR lady director was trying to take power from the Global HR Group. She was in charge of the UK HR, but I was

> hired by the HR Group. But HR Group is very soft because they do not understand the situation in the UK, and UK HR was very strong takes a very strong position. That British director tries to get as many local people hired as possible. And later on, they changed the rule into you must have a UK passport, not even the ILR but passport which is quite ridiculous." (Local Chinese Executive Hiring Consultant, TeleCo 2)

To be more context-focused, building relationships (*guanxi*) in the context of Chinese MNCs has unique features. It was evident that *guanxi* played a significant role in shaping the HRM practices because it gave social actors a source of control. Therefore, individuals in subsidiaries did not focus only on building a relationship: they first understood how a relationship in the Chinese context is built. *Guanxi* is one of the most widely recognised concepts in Chinese societies and has gained growing attention (Gu and Nolan, 2017; Xiao and Cooke, 2019). However, building it requires adopting some Chinese working practices and cultural norms. This research found that one significant way to build it is by ensuring frequent and good communication. Various means of communication were used, including employee visits to the parent company, almost certainly the most effective tool for face-to-face communication. In the acquired cases, the local management and employees pay frequent visits to the parent companies. Engineers are encouraged to visit to engage in technical exchanges, collaborate on projects, train Chinese engineers, and learn about Chinese culture and working environment. By comparison, in greenfield cases, these visits are mainly for expatriates and Chinese employees due to the

language barrier. But local employees also ensured frequent communication with and reports to their Chinese bosses in the UK and increased face-to-face meetings instead of using the phone. In all cases, many employees noticed how their relationship became more robust and how much trust they gained after visiting the parent company and meeting face to face.

> "I think that there is a strong link between the number of exchange visits and how good the working relationship is. I was engaged in a number of conference video conference calls and audio meetings, and once I actually went to China, the relationship became better, more trust and confident. I will think that people who never went to China struggle to build as good a relationship." (Local Manager, ManuCo 2)

> "Former COE is the key to why we have got such a good relationship with China and why China trusts the people." (Local HR Director, ManuCo 1)

> "The personal relationship with anybody is very, very important. Sometimes if you just email the expatriates, there is no response, but if you go to them, to the desk to say, can you help me with this, then they will be more likely to help you. So we do encourage a lot of employees to go and talk to them rather than just phone them or email them." (Local Chinese HR Specialist, TeleCo 2)

Although communication can have many barriers and challenges, some individuals ensured consistent and frequent communication with the parent companies even when they did not receive feedback. This required allocating more time and effort to gain their Chinese counterpart's trust and turn one-way communication into two-way communication. There is a variation in the level of willingness and effort of the subsidiaries' managers and employees to understand Chinese business culture and build relationships with the expatriates and parent company employees. Therefore, the strength of the relationship varies across the cases and across business units within the same case.

> "There were some proactive individuals, and they built massive trust with China. One of them was in my department, she was doing very well, and she gained a lot of recognition with very big people within the company in China. She had good communication with a lot of her project managers there. Even when there was a problem; she would chase; she would not just leave it and say, oh, it's a risk we have communicated, but China did not communicate back. She would go, reach for someone higher so that she would get the lower people within China to communicate back. Within her projects, she saved money; did not spend her full budget and delivered even before time." (Local Engineer, ManuCo 2)

> "I spent two months with them every day working with them. I became the main point of communication for them. They

> started to communicate only with me, not with the rest of my team or with my boss. They used me as the interface basically between my team in the UK and China team. Trusting me was the most difficult part, and I was also spending my energy in this direction, to be honest." (Local/European System Engineer, ManuCo 2)

> "It's a little bit difficult for me to visit the headquarters because I do not know whether it's an excuse or not, but sometimes they just give the colleagues short notice, and I need a little bit more notice than that to organise my private life. So, I did not put myself forward or did not volunteer, or I did not make too many suggestions about going to China. I would like to go, and it was suggested to me at one time, but I did not really encourage it, I did not continue the conversation." (Local/European Senior Engineer 2, ManuCo 1)

Moreover, in all cases, a novel mode of communication has been adopted to improve communication and build relationships (*guanxi*) with Chinese employees. This has taken the form of WeChat. This enhances communication quality and speed and a culture of WeChat use has been created in the subsidiaries. WeChat is one of China's main communication mechanisms and one of the most influential and effective unofficial communication methods of Chinese firms. The findings shed light on Cooke et al.'s (2019) research that questions the use and adoption of WeChat in Chinese subsidiaries abroad by

non-Chinese employees as a communication tool. However, not all employees use it. Those individuals are the ones who struggle with communication and building good relationships with the Chinese employees in the parent companies.

> "Probably WeChat is important because I have pretty much given up on email. The Chinese, my impression is that they do not like communicating much information via email." (Local Senior Engineer 3, ManuCo 1)

> "It's different among Chinese people. Chinese companies use WeChat, they do not like to use email, and that's, for me, a big difference. So, I think maybe that contributes a little bit to lack of communication because we have different expectations about how to do the communication." (Local/European Senior Engineer 2, ManuCo 1)

> "Here it's very much WeChat. It's a [TeleCo 2] thing, so, the WeChat groups tend to be really, really important." (Local HRBP, TeleCo 2)

The effort of local social actors in the subsidiaries to build a strong relationship with expatriates has interesting and maybe unintentional outcomes. The expatriates become more integrated with local culture, norms and working practices. Even when the number of local/Western employees is low, particularly in greenfield cases, they influenced some Chinese employees, mostly in

practices related to work-life balance. They prefer some local practices and favour working in the UK because they have less pressure and work for fewer hours.

> "The European staff have their own working habits also that influence the whole working culture. They always finish work and go home at 5.30, and all the European staff leave on time so we can go as well, we do not need to worry about it, even if, like today, my director is still working in the office at 6 o'clock, but you can just go without asking permission." (Local Chinese Business Manager, TeleCo 1)

> "When the employees are opening up, they will say, 'Yes, it's a pest when we are in China. This is a lot better'. When their visa runs out, they do not want to go because they have settled their life in England. So, I think it's a difficult situation for them, sometimes when the parent company says, 'You must come back'." (Local HR Director, ManuCo 1)

Another interesting consequence of building a strong relationship is that some expatriates began to question and assess the appropriateness of the parent companies' practices and requests to the subsidiaries instead of blindly following and implementing them. They also shared their concerns with local management.

> "It takes a long time for a Chinese person to really open up with you. Before, they would just say, 'The Chinese parent company said this. We must do this', and they would just go along with it. Now, because the trust and relationship are built up, they are able to say, 'I've been asked to do this. I'm in a difficult situation. I do not know what to do about it. What shall I do?'."
> (Local HR Director, ManuCo 1)

In sum, social actors at the subsidiaries adopted different Chinese management and cultural practices to build *guanxi* and strong relationships with expatriates and parent companies. The aim of building such a relationship is to use it for their advantage and interest (Friedland and Alford, 1991). The advantage is gaining the parent companies' and Chinese bosses' trust, and having more power and autonomy, which results in maintaining or introducing localised practices. The strength of the relationship and trust between the management team in the UK and China depended on the willingness, effort and time allocated by social actors in the subsidiaries to build the relationship.

Although Cooke (2014) suggests that *guanxi* is unlikely to be extended to foreign staff, these cases showed that local/Western employees are becoming more aware of *guanxi* and have started building it and benefiting from it. Local actors adopting different cultural practices (*guanxi*, *mianzi*, *renqing*) to maintain interpersonal ties with the parent company are key to gaining trust, power and autonomy. It is essential to note that the parent companies ensure that this relationship is maintained because the individuals they trust are considered key

people that the parent company depends on when making important decisions and gaining external legitimacy. Hence, to maintain the relationship, they exercise less control, giving the subsidiaries more control to localise the practices.

> "Chinese parent company look to me and MD to provide support and tell them who the good people at ManuCo 1 are and who you can rely upon. And they know that if they ask me or the new MD to do something, it will get looked after. So, if I and the MD say that somebody else can be relied upon, they take our word, and they work well with that person. So, they trust us very much" (Local HR Director, ManuCo 1).

Table 5.1: Localisation of the Subsidiaries' HRM Practices

Themes	Sub-themes	Summary
1. Mechanisms of control	**1.1. Coercive compliance: host-country employment regulations**	- All subsidiaries comply with the host country's employment law which is considered a top priority for the Chinese subsidiaries in the UK. - There is a difference in the degree to which subsidiaries adhere to local regulation requirements. In the acquired cases, for example, the benefits are more localised compared to the greenfield cases. Greenfield cases merely follow the minimum requirements set out by law. - The parent companies in greenfield cases always refuse HR manager requests to localise some practices when they are not required by law. - Both acquired and greenfield cases have faced some conflict with local laws. Due to the parent companies' and expatriates' lack of understanding of local law, they have tried to introduce new practices and changes to HRM policies and practices which conflict with local regulations. - The parent companies and expatriates depend on the local employees to ensure compliance with local regulations. - When the parent company requests changes that contradict the host country's employment regulations, the subsidiary's local HR managers and management apply compliance pressure to maintain current practices, reject imposed standardised practices and ensure local legitimacy. - Subsidiaries' local social actors can constrain the parent company's control using the host country's regulations. - Compliance can reduce conflict and secure external legitimacy.
	1.2. Noncoercive compliance: host-country and local	- Acquired cases have a long history as well-established British firms with institutionalised practices. This makes it very difficult for the parent companies to enact changes to introduce new practices in subsidiaries with distinct histories and structures.

Themes	Sub-themes	Summary
	corporate culture and norms	- The parent companies in the acquired cases did not exercise high levels of control or impose new practices, in order to avoid creating high complexity and conflicts between the subsidiaries and their Chinese parent companies. - Local social actors are carriers of their local norms and culture and therefore tend to maintain the localisation of their HR practices. - In the greenfield cases, the parent companies transferred their corporate culture and some HRM practices and policies to their new subsidiaries in the UK. That resulted in a strong presence of Chinese cultural values and management practices. - Having a strong Chinese corporate culture in the greenfield subsidiaries while working with local employees created many challenges for the parent company, particularly when Chinese HR managers and other expatriate managers lacked awareness of local norms and culture. - Cultural incompatibility, in which the norms and values of the parent company contradict the local norms of the host country, forced the parent companies to abandon some standardised Chinese working practices. - The parent companies and expatriates are cautious not only in complying with regulations but also in considering local norms and culture to maintain their reputation in the UK. - Chinese managers would treat a local/Western employee in a much friendlier manner than a Chinese employee. Chinese managers might not do that so purposefully to favour the local people; rather, it is more of a cultural adjustment and, at the same time, to avoid a negative reputation and stereotypes. - The negative reputation and stereotypes of Chinese firms caused the recruitment of local talent to be difficult. The parent companies, in all cases, had to offer a higher salary and benefits to be

Themes	Sub-themes	Summary
		able to attract local and Western employees and overcome the effect of their negative reputation. - Subsidiaries' social actors used the parent companies' interest in maintaining their reputation and gaining external legitimacy as a means not just to reject standardised practices but also to change and introduce localised practices influenced by local embedded norms.
2. Sources of control	**2.1. Parent company dependency on the subsidiaries' technical expertise and market knowledge**	- The parent companies depended on the technical expertise of acquired cases and learned a great deal from the UK subsidiary - The parent companies used acquired subsidiaries as their global brand for their product outside China, which provided them with access to the European market and British supplies and access to knowledge and research to which they would not have been able to gain access from China. - The parent companies in the acquired cases exercised less control at the beginning of the acquisition. They did not interfere to a great degree with the subsidiaries' existing local practices and culture to ensure their interests were met through a more stable learning process and by not disrupting the development of superior capabilities. - In the greenfield cases, the motives were a desire for an international presence and access to a larger market share. Therefore, there was more centralisation, control and standardisation of the HRM practices in these cases. - The parent companies of the greenfield cases, with time, realised the vast differences between the Chinese and British culture and environment and their relatively low knowledge and experience of the market. Thus, they adopted a localised approach by recruiting local and European employees for their main functions.

Themes	Sub-themes	Summary
		- Subsidiaries' local employees used the interests of the parent company and what they depend on (technical expertise) as the means to reject some practices and to maintain and introduce localised practices. - Parent companies' dependency on the subsidiaries constrained them from introducing new standardised HRM practices in the acquired cases and was a reason to abandon some standardised practices and force some localised practices in the greenfield cases.
	2.2. Parent company dependency on their relationship with the subsidiaries (*guanxi*)	- In all cases, local management and employees build a strong relationship with expatriates and parent companies to maintain and introduce local culture and practices. Through this relationship, they gain the trust of the parent companies and expatriates, which provides them with a source of power and agency. - Individuals in subsidiaries did not focus only on building a relationship; they first understood how a relationship is built in the Chinese context. - Local actors adopt different cultural practices (*guanxi*, *mianzi*, *renqing*) to maintain interpersonal ties with the parent company as their key to gaining trust, power and autonomy. - A significant way to build a strong relationship is by ensuring frequent and good communication. - In the acquired cases, the local management and employees pay frequent visits to the parent companies. Engineers are encouraged to visit to engage in technical exchanges, collaborate on projects, train Chinese engineers, and learn about the Chinese culture and working environment. - In greenfield cases, the visits are mainly for expatriates and Chinese employees due to the language barrier. But local employees ensured frequent communication with their Chinese bosses in the UK and increased face-to-face meetings instead of using the phone.

Themes	Sub-themes	Summary
		- In all cases, many employees noticed how their relationships became more robust and how much trust they gained after visiting the parent company and meeting face to face. - In all cases, WeChat has been adopted to improve communication and build relationships (*guanxi*) with Chinese employees. However, the individuals who do not use WeChat are the ones who struggle with communication and building good relationships with the Chinese employees in the parent companies. - Building a strong relationship with expatriates leads the latter to become more integrated with local culture, norms and working practices. Some expatriates prefer some local practices and favour working in the UK, and some others begin to question and assess the appropriateness of the parent companies' practices and their requests to the subsidiaries, instead of blindly following and implementing them. - The strength of the relationship and trust between the management team in the UK and China depends on the willingness, effort and time allocated by social actors in the subsidiaries to building these relationships. - The parent companies ensure that this relationship is maintained because the individuals they trust are considered key people that the parent companies depend on when making important decisions and for gaining external legitimacy. - The parent companies exercise less control to maintain the relationship, giving the subsidiaries more control to localise practices.

5.2. CHAPTER SUMMARY

This chapter identified and explained different mechanisms and sources of control that led to the maintaining and localisation of the subsidiaries' HRM practices. It started by describing two main mechanisms and sources of control: coercive compliance and noncoercive compliance. It then moved on to another two sources of control: parent companies' dependency on the subsidiaries' technical expertise and market knowledge and the parent companies' dependency on the strong relationship (*guanxi*) with subsidiaries' social actors.

Throughout the four themes, the host country's regulations and local, national and organisational culture were more influential and dominant. To maintain localised practices, culture and local legitimacy, the subsidiaries' social actors used compliance pressure and the resources they owned that the parent companies valued and depended on to meet the latter's interests. For the parent companies to avoid conflict with the subsidiaries, they had to exercise less control and adopt some localised HRM and working practices aimed at gaining external legitimacy and various other interests: maintaining their reputation, achieving investment aims or even gaining prestige.

To fulfil their interests, particularly external legitimacy, the parent companies depended on the subsidiaries for different resources. Across all the themes, it was evident that they depended on the local employees' knowledge of local laws and regulations, as well as local norms and culture, and also their rare technical expertise and local and European understanding of the market. Finally, they

depended on the trust that had been built and the strong relationship with local management and employees in the subsidiaries (*guanxi*).

Due to the dependency of parent companies on greenfield and acquired subsidiaries, with time, the parent companies felt that they started to lose control over their subsidiaries. Many incidents happened and were perceived as a sign of losing control. These incidents motivated the parent companies to change their approach and the level of control they exerted over their subsidiaries and to change how they responded to institutional complexity. The following chapter explains the major shift in the parent companies' response towards institutional complexity and why and how they started to increase the level of control and standardisation.

CHAPTER 6: STANDARDISATION OF HRM PRACTICES: MECHANISMS AND SOURCES OF CONTROL

6.0. INTRODUCTION

This chapter presents the findings of the study in relation to the standardisation of subsidiaries' HRM practices. This includes identifying and explaining the influence of both home country and host country and subsidiaries' social actors in the standardisation of subsidiaries' HRM practices.

This chapter presents the ways in which parent companies responded to institutional pressure, particularly when they felt that they had started to lose control and were not meeting their interests. The research explores and explains two main mechanisms used by the parent companies to increase their control: first, increasing business integration and second, introducing changes to the subsidiaries' structure, which are related to the representation and roles of the subsidiaries' employees and expatriates. It then explains three of the parent companies' sources of control. The first source is the need for subsidiaries' local social actors to maintain a strong relationship (*guanxi*) with the parent companies; the second is the subsidiaries' physical dependency on the parent company; and the third is the physical dependency of parent companies on the Chinese state. In addition, the analysis focuses on how subsidiaries' social actors respond to and manage pressure from parent companies. Finally, it presents the way in which this has resulted in an increase in the level of control of the parent companies and an increase in the standardisation of the subsidiaries' HRM

practices. A summary of the findings is presented at the end of the chapter (see Table 6.1).

6.1. STANDARDISATION OF THE SUBSIDIARIES' HRM PRACTICES

6.1.1. Mechanisms of Control

6.1.1.1. Business Integration

Both acquired cases, ManuCo 1 and ManuCo 2, were quite independent of their parent companies at the beginning of the acquisition to be able to fulfil the motives and interests of the parent companies. More authority and autonomy were often given to subsidiaries because they had a role in making strategic and operating decisions (Mellahi, Frynas and Finlay, 2005). However, this approach has changed with time. For example, after the initial period of acquisition, ManuCo 2 did not contribute enough in terms of technical knowledge to the parent company compared to the first years of the acquisition. Moreover, there was a lack of communication, and they started to work in a different direction to the parent company. Here, the parent company felt that they were losing control and thus enforced more control and introduced some standardised practices.

> "We have been instructed to do things in the UK which did not match the requirement from headquarters, and that is why they think we have not been contributing; we are not adding value to their operation at headquarters." (Local Analyst (of Chinese Origin), ManuCo 2)

First, ManuCo 2 became 100% integrated with the parent company in terms of business and started to operate as part of a global operation rather than a separate entity, which helped improve the business. One of the major changes due to business integration was the transferring of the parent-company performance appraisals and introducing the technical grading structure for engineers. This evaluation approach is different from the one they used to have before the acquisition, as described in Chapter 4.

> "Our way of working became completely integrated, and to improve communication between the UK and China and improve global understanding and to speed up how we implement HR tasks or processes, we adopted a more standardised approach. Promotion processes, performance review processes and the methods for evaluating individual capability: all of those processes were very strongly led by the China headquarters." (Local Managing Director, ManuCo 2)

Similar to ManuCo 2, in ManuCo 1, the parent company exercised more control by increasing business integration. The parent company replaced the local project management system with the parent company's system for better business integration and future standardisation, particularly the employee performance review system. They also started to set clear expectations for subsidiaries, unlike at the beginning of the acquisition. They introduced an annual commitments letter detailing what they expected ManuCo 1 to achieve, which in turn influenced HRM practices. This business integration gave the

parent company the opportunity to introduce a number of standardised practices, such as the bonus structure (punishment and reward) and clock in-out system. Finally, they increased their ownership of the subsidiary from 75% to 100%, which gave the parent company more power to exercise control (Kim and Gray, 2005; Zhu et al., 2008).

> "The charters we have every year have an impact on salaries and bonuses and things like that, and for immigration and intercompany transfer." (Local Former CEO, ManuCo 1)

> "So changed to become like a bonus structure so that if we performed well, they would apply a bonus to everyone and we have not been used to bonuses." (Local HR Director, ManuCo 1)

> "They have definitely taken 100% control of the company because they were dissatisfied with the progress that was being made, and they want to have more control." (Local Manager 3, ManuCo 1)

By comparison, in the greenfield cases, although there is already a more centralised approach to control in place, the level of control has increased. In TeleCo 1, for example, local and European employees have been able to use the local subsidiaries' system. Yet, the parent company decided to replace all the local systems with the parent-company systems for complete integration.

Therefore, local and Western employees cannot use the systems because of the language barrier. TeleCo 2 also implemented centralised Chinese systems that report back all the activities of the subsidiaries. All the HR systems are integrated with the parent company, and the performance appraisal is standardised and heavily controlled by HQ, with a strong link to bonuses.

> "The HQ changed the software system, and I could not do anything because of the language barrier." (Local Manager, TeleCo 1)

> "They have global systems. HQ does not allow us to purchase local systems to use or even develop our own. They want everything to be centralised, to be streamlined. So, this is the same in sales, in HR, in finance: they have their own global system for the locals to use." (Local Chinese HR Specialist 2, TeleCo 2)

> "The appraisal technique is all on the system. Everything is formalised. The processes that they have are all HQ set processes that have been rolled out regionally. I think a lot of the processes they just roll them out, and it's like a broad-brush approach." (Local Senior Manager 2, TeleCo 2)

Although the local and Western employees kept complaining about the exclusionary nature of these system and how very difficult and complicated the

IT tools were for non-Chinese speakers, both parent companies are still using these systems. They will thereby keep control and will need to recruit more expatriate or local Chinese staff and fewer local employees.

> "A lot of the systems are very difficult for the locals, the non-Chinese speakers, to use. In the HR area, we have a lot of Chinese people. When I pick up the phone, they are always Chinese. They are all locally hired, so you can see it's quite typical, they tend to hire Chinese people, employees." (Local Chinese HR Specialist 2, TeleCo 2)

These findings not only support the findings from previous research that business integration with the parent companies significantly influences subsidiaries' HRM practices (e.g. Welch, 1994; Taylor et al., 1996; Myloni et al., 2007; Cooke and Lin, 2012), but they also explain how business integration can be considered as a series of change mechanisms to the subsidiaries' HRM practices. Business integration then opens up more opportunities for changes and other means of control, allowing parent companies to transfer their culture and practices to the subsidiaries. One of these means is to introduce changes to the structure of the subsidiaries.

6.1.1.2. Subsidiary Structure Changes

6.1.1.2.1. Representation and Roles of Employees

To further increase control and ensure successful business and social integration, the parent companies had to introduce some changes to the structure of their

subsidiaries. In ManuCo 2, the parent company tried many techniques to improve the contribution of the subsidiary to the business and to change the culture to enable the subsidiary to collaborate with and work in the same direction as the parent company. They recruited 30 graduates in one year, which is a relatively large number for a firm with under 300 employees, in the expectation that this would change the old mindset and shape the new employees to the parent company's desired culture and interests.

> "It was almost like a willingness to change the work culture and to bring in young talent. Trying to diversify the workforce. They have done a lot on that." (Local Analyst (of Chinese Origin), ManuCo 2)

Moreover, the parent company hired a Western director who had been working in China for fifteen years and had a good relationship with the top management in the parent company. His main responsibility was to improve communication and the relationship between the subsidiary and the parent company and improve integration and internal compliance. Introducing a new actor is used to oversee and facilitate compliance (Reay and Hinings, 2009; Fligstein and McAdam, 2014). He made many changes and improved communication to some extent but not to the expected level due to the resistance he faced from the old local management.

> "He was one of the directors that was resisted, and not many people liked him. Because he introduced a lot of change, he

> was the one that was going a lot to China, talking to the VPs, talking to the more senior people. So, he only came in a year and a half, two years. Everything changed in those two years. He knows a lot about the Chinese culture, and the traditions." (Local Engineer, ManuCo 2)

However, despite the changes mentioned above, ManuCo 2 was still working in a different direction and meeting their local management interests while ignoring the parent company's interests. Therefore, the parent company enacted a significant shift by restructuring the subsidiary and making a series of extensive redundancies of many original local employees.

> "Headquarters had a very loose control of their UK base for quite a long time. So they had a lot of freedom; they thought they had a lot of freedom to operate the way they wanted, and that is how the message got dismissed, and the snowball rolled eventually. That caused this final failure that burned the whole thing, that burned the relationship." (Local Analyst (of Chinese Origin), ManuCo 2)

A similar situation occurred with ManuCo 1. After eight years of good communication with the Chinese parent company, the newly appointed MD stopped all communication with them. He also moved the company in a different direction to that of the parent company. He stopped all the research and engineering projects and focused on sales. The parent company therefore

decided to exert more control over the subsidiary. First, they increased their ownership of the subsidiary from 75% to 100%, as mentioned above, and then forced the former MD to resign. The newly hired MD worked for ManuCo 1 before the acquisition. He was familiar with both the UK and China businesses and had a strong relationship with the parent company management and expatriates.

> "And then two-and-a-half years ago a new managing director came in, and there was a period of two years where, to some extent, he made a choice to try and isolate himself from the Chinese owners and do things in his own way, not delivering to them what they expected, and that did not end well for him."
> (Local Director, ManuCo 1)

This is an example of a new actor who is not familiar with the subsidiary or the parent company and who has been exposed to different experiences and practices before joining the subsidiary and entering a new field. He has introduced practices and interests that contradict and conflict with the main interests of the parent company and also those of the subsidiary, and this has created a lot of tension (Seo and Creed, 2002; Zilber, 2002; Dorado, 2005; Greenwood et al., 2011).

Another interesting way to enhance control and business integration is by assigning two operational positions to local employees, one at the subsidiary organisational chart and the other at the parent company chart. This can be

termed a hybrid position, so when individuals are exposed to and engage in different conflicting practices, these two positions will motivate them to find a way for practices to co-exist. Moreover, these two positions will also give individuals more exposure to Chinese business, culture and practices and make it easier to transfer standardised practices.

> "If you look on the Chinese organisational chart, I also have a role in their Chinese organisation, so I am in their organisation chart, I have the role of international sales manager as well as my role here in ManuCo 1." (Local Manager 3, ManuCo 1)

Regarding employees' representation, the same thing also happens in greenfield cases. They used to have more local employees with some in senior positions. For example, in TeleCo 1, as explained in Chapter 5, when they recruited the first non-Chinese British director to a senior position with responsibility for the European business unit, he followed a localised approach. He did not want the Chinese HR manager and MD to be involved in the recruitment process, and he only hired local employees. Although the parent company tightly controlled the training, he introduced some professional training programmes for the European unit's sales employees. The Chinese employees started to ask for similar training. That caused many conflicts between him (a minority) following the localised approach and Chinese directors (the majority) with a standardised approach. In less than two years since he joined, he started to have less control and decided to resign. The parent company replaced him with an expatriate manager rather than a local because they wanted to avoid future tension and have

more control, and this can be achieved with someone who shares the same culture, values and interests. It also seems that the local director was not willing to understand and build awareness about Chinese culture and working practices. It was clear that he did not want the involvement of any Chinese managers or to hire any Chinese employees. That was enough time for the parent company to realise that he would not fit in long-term. During that time, the main priority of the parent company changed from keeping the expertise (as mentioned in Chapter 5) to increasing control and ensuring legitimacy between the subsidiaries and the parent company, or "internal legitimacy".

> "He was doing it the English way, and he didn't want much involvement from the HR. He was very frustrated because things couldn't be done fast. Everything is controlled from the parent company." (Local Sales Support Administrator, TeleCo 1)

A similar example arose in TeleCo 2, when the parent company decided to promote the local HR director to the European HQ. Their real intention was to move her away from her current senior position and reduce the power she had gained over the previous 12 years. She had caused tension in TeleCo 2 due to her attitude towards Chinese employees. So, when she left, she was replaced with an expatriate HR director and all her team members in the UK were replaced as well. Replacing the team is an indication that the parent company wants to change the existing culture carried by the team members who were influenced by the localised approach of the former HR director. It is worth

mentioning that both the sales director and the HR director left their positions in the same year.

> "She is a local, and she is very arbitrary for power. Her roots are very deep in TeleCo 2 UK, so everyone is scared of her. The company would like to get her removed many times, so they give a better name, maybe more money but no power. Less power." (Local Chinese Executive Hiring Consultant, TeleCo 2)

Therefore, neither of the greenfield cases hire locals into senior positions or promote them to senior positions. Moreover, similar to the acquired cases, their hiring model has changed from hiring local senior experts to local young professionals who are not strongly locally embedded. In this way, it is easy to shape them to the parent-company culture. According to Battilana and Dorado (2010) and Greenwood et al. (2011), organisations avoid hiring employees with a previous attachment to a certain culture and practices because individuals who have had such previous attachments are simply not open to other ways of working. This is why they also increase the number of expatriates and local Chinese employees, as discussed in the following section.

> "The thing is that our local experts do not have too many chances; they have ceiling even if they are very outstanding." (Expatriate HRBP, TeleCo 2)

> "They believe the graduate is like a walk in the park, so they don't have too much experience, so when they join the company, it's much easier for the company to train them, to shape them into a different culture." (Local Chinese Team Leader, TeleCo 1)

> "They felt I was a bit more open, and they felt I could adapt easier than some of the senior people, who were a bit narrow-minded on how they viewed how things should be done." (Local Senior Manager 2, TeleCo 2)

6.1.1.2.2. Expatriates: Role, Influence and Ideology

According to the findings presented in Chapter 4, the presence of expatriates is higher in greenfield and lower in acquired cases. In greenfield cases, the senior positions are all occupied by expatriates, and in acquired cases, expatriates also occupy senior positions despite their minimal presence. Expatriates possess established institutionalised views and taken-for-granted HRM practices. They seek to maintain standardised practices and their Chinese culture and identity by transferring the parent company's HRM practices. They are considered "carriers" who act as significant control mechanisms for the parent company (Zhu et al., 2014; Zhu and Jack, 2017) and influence some of the HRM practices.

> "They definitely carry their Chinese management style because that is the only way they work." (Local Chinese Executive Hiring Consultant, TeleCo 2)

> "The MD was there in the second meeting. Very involved in the process of hiring. So Human Resources were quite rubber-stamped." (Local Business Manager 1, TeleCo 1)

> "They carry some of their practices and culture with them to the UK. When they came to the UK, they tend to work more on the phone with their Chinese colleagues rather than us." (Local/European Chief, ManuCo 2)

They also act as knowledge transferrers, translators and facilitators that bridge the communication barrier and develop strong relationships with the parent companies. They also observe and report what is happing in the UK subsidiaries on a daily basis, particularly when they assign expatriate personal assistants to the MD and other directors in ManuCo 2.

> "They do help with the communication. If they were not here, I do not know how we would do it." (Local/European Senior Engineer 2, ManuCo 1)

> "Expatriates were normally working as a personal assistant to the directors. Maybe three or four of them. So they would be doing translations. They would support the directors on the trips to China. Setting up meetings and obviously interfacing through their language skills back into the headquarters company." (Local Department Head, ManuCo 2)

> "Their role was to observe and to gather information and to understand how the business was working because it was working quite independently at that point in time. I know that our Chinese counterparts would have phone calls on a daily basis discussing what was happening within the business, and I did not personally see that as any threat. I just saw it as a mechanism to more accurately and more efficiently convey what was happening, what processes were happening, what the project status was or anything else." (Local Managing Director, ManuCo 2)

When the expatriates report what is happening in the UK subsidiary, particularly when things get out of control, the parent company sends expatriates to the UK to investigate the problem and, in some cases, solve the problem, finish the project on time and avoid any further delays. This signifies that the parent company is not satisfied with the UK business, but unfortunately, the local management did not take that seriously.

> "There was a Chinese in my team, but he was already in the UK. There was a few Chinese that were sent, but they were only sent when things got messy. We can say that the [name of the team] had a project that was prolonged, and money was being spent, and the system was not built. And then what happened was three people were sent from China, three weeks they built the system, delivered it, and they reported back to

> China. So, their project went on for six, seven months, and they got three, I think; three engineers were sent from China who worked on it every single day for three weeks, and delivered it." (Local Engineer, ManuCo 2)

Moreover, some departments and individuals built a good relationship with their Chinese counterparts (as mentioned in Chapter 5). Other British directors had a bad relationship with and negative attitude towards the Chinese team and believed that the Chinese parent company still needed them. That was clearly felt by the expatriates and observed by the other local and Western individuals in ManuCo 2. This was one of the factors that led to the restructuring of the subsidiary, as mentioned before. Therefore, expatriates can have a significant influence on the parent-company decision-making process. Therefore, maintaining a good relationship with expatriates and parent companies is important to the survival of the UK subsidiaries. ManuCo 1 was very successful at that, as explained in Chapter 5 and in the next section.

> "There were a lot of old people who were not so enthusiastic, and they treated the Chinese like they need them in a way, 'Ok, they need us anyway, so we are making them a favour working for them', something like this." (Local/European System Engineer, ManuCo 2)

In addition, expatriates can introduce significant changes even when it might seem challenging for them, particularly in acquired subsidiaries, since the

acquired subsidiaries have robust local administrative heritage, taken-for-granted HRM practices and a situation in which non-Chinese locals occupy the majority of management positions. Expatriates also use different forms of influence: choosing to be open-minded and socially integrated or being closed-minded and unwilling to integrate socially.

On the one hand, some expatriates showed appreciation of the cultural differences and developed a good relationship with the local management and employees. Over time, by familiarising themselves with the subsidiary environment and host country regulations and culture, they were able to transfer some of the parent company's HRM and working practices and embed essential values in the subsidiaries. Practices such as the bonus structure, performance appraisals, some benefits and training programs were introduced. Some management and cultural practices and values such as *guanxi* (maintaining a strong relationship), *mianzi* (maintaining face) and *renqing* (favour) were also adopted. These will be further explained in the section below.

> "I remember we had one very kind manager, he was in R&D, and he made really impressive efforts to speak English, he had over the time adapted to our way, and it was a case of just getting to know the people. He needed to feel comfortable here as well as we felt comfortable working with him." (Local/European Senior Engineer 2, ManuCo 1)

> "When they were in the sales and marketing level, I would say that I saw a great deal of change in the approach." (Local Manager 2, ManuCo 1)

They also arrange visits for the local employees to visit the parent companies to learn more about the Chinese work environment and culture and improve business and social integration. Furthermore, they spread explicit knowledge through training and ensure that other social actors engage in different activities, with the aim of reconstructing some of the practices in the subsidiary.

> "The personal performance review introduced by HR here is very useful. But now, I am trying to introduce [the parent company] review system, it's equal to everybody, so you have a performance, and then you can know when you can be promoted to another level, here, we do not have the system, I think that is one of the direction, I am working for, I would like to introduce, that system, because it makes, engineers, or technicians, or other managers, have a clear direction, what are their career plan, their career path is clear." (Expatriate Vice-Director of R&D Centre, ManuCo 1)

These efforts have helped expatriates introduce standardised practices gradually and made it easier for them to accept them without much resistance. Hence, expatriates in these cases have used "knowledge building" as a mechanism that has enabled them to prompt locals at subsidiaries to break away from scripted

patterns of practice (Dorado, 2005) and accept standardised HRM practices from the parent companies. In the previous chapter, when expatriates became socially integrated, they changed from being carriers of the parent company's culture and practices to interpreters of the local context. In this case, the parent companies are likely to replace them as they reduce centralised control and are perceived as disloyal. Therefore, expatriates can and do determine the level of parent companies' control, the level of standardisation, and their powers as individuals.

> "If [parent company] believes they are getting too friendly and too close, then they have that ultimate control to say 'You cannot be in the UK anymore, you have to come back, and we will send someone else over. So they can change the staff in that position. And it is interesting, is not it, because it is more difficult for us to do that in the UK because we would have to hire and fire, but they can do that very easily and just call someone back and put new people in place. So that is another way of control, I think." (Local Former CEO, ManuCo 1)

On the other hand, some expatriates decided not to integrate socially and to be closed-minded. This choice could be intentional or unintentional. If it is unintentional, it can be linked to the parochialism mindset (*xiao nong yi shi*), described as "cultural psychology of closed-mindedness, paranoia, conservation, submission, lack of ambition, and fear of competition" (Yuan, 2000, p. 45). Parochialism is rooted in the Chinese cultural, economic and political systems and can become a cognitive barrier in CMNCs, which prevents the successful

integration of expatriates and cross-border integration of HRM practices (Cooke et al., 2019; Feng et al., 2019). In other words, the expatriate parochialism mindset prevents them from integrating with the local environment and causes them to firmly maintain their Chinese working practices and management style.

As mentioned before, expatriates occupy a senior position in the subsidiaries, which is one of their sources of power. Another source of control to maintain and introduce standardised practices is linked to their political ideology. Generally, expatriates are members of the Chinese Communist Party (CCP), which gives them more political power to strengthen control over the subsidiaries. This translates into a strictly hierarchical decision-making process and a structured command and control mindset whereby employees are told what to do and are disinclined to discuss and argue with seniors over their decisions (saving face). Indeed, obedience to authority is one of the core messages of Confucianism (Pan, Rowney and Peterson, 2012) and one of the key features of the centralised communist.

> "It's more a control demand-based management than consent-based management. It's more of this kind of demand and control kind of management style usually transferred here. Your manager or your company boss is a father figure, they take care of you, but you respect and obey them." (Local Chinese Deputy Director, TeleCo 1)

> "It's very much command and control, subordinates must ask permission of their superior, who may have to ask permission all the way up to do something, and it's very frustrating sometimes." (Local Senior Engineer 1, ManuCo 1)

> "Saving face is a thing that is in the blood, almost in the genes. I think that saving face is a very, very key point there." (Local Former CEO, ManuCo 1)

Therefore, Chinese employees tend to follow the requirements and requests of the parent companies unquestioningly. Expatriates introduce changes and standardised practices, even when they are not convinced of their validity and appropriateness, because they want to maintain their social status and power in their parent companies. This can result in closed-mindedness and a reluctance on the part of managers to be challenged by alternative views (Kruglanski, 2013); thus, communication can be subject to pre-existing perspectives.

> "The Chinese person that the UK person was dealing with was maybe a little bit more resistant to discussing things, you know, it's my way, and I don't want to hear what you have got to say." (Local Senior Manager, ManuCo 2)

> "If somebody comes from the parent company as a manager, you have got somebody who is not Chinese working for you, they would not necessarily expect to have their ideas

> questioned or challenged, whereas I think almost everywhere else around the world, that's normal if you do not agree with someone's idea, to say that, to vocalise it." (Local Senior Engineer 1, ManuCo 1)

Although some expatriates had to abandon some of the Chinese management practices that might cause legal problems with local employees, as mentioned in Chapter 5, some of these practices still exist but are used only with other expatriate and local Chinese employees. For example, expatriates and local Chinese employees are still receiving shaming emails. This supports the co-existence of incompatible practices in the same field, requiring expatriates to adopt two different management styles when dealing with local and Chinese employees.

To avoid abandoning some of these management practices and adopting two different management styles, most expatriates prefer to hire local Chinese employees. They also allocate urgent work to Chinese employees; hence, Chinese employees feel overloaded and as though they are not being treated fairly. However, on the one hand, local Chinese employees do have more opportunities to obtain more bonuses. On the other hand, locals have fewer opportunities, which results in a high turnover rate.

> "So some departments where there may be a senior Chinese manager may have a preference to employ Chinese people because from a simple language point of view they are more

> comfortable, and it makes their own life easier." (Local Director, ManuCo 1)

> "Some people did not quite understand the culture, did not like it and left very quickly." (Local Business Manager 1, TeleCo 1)

In the two themes above, by increasing business integration and changing the structure of the subsidiaries, the parent companies started to have more control and influence in changing and standardising HRM practices partially and, in some cases, entirely. They moved their focus and interests from gaining external legitimacy to building internal legitimacy between the subsidiaries and the parent companies. Thus, they did not lose their interests and identity and adopted a more balanced approach.

The time enabled the parent companies to build knowledge and awareness about the host-country regulations, market and local norms and develop their expertise and know-how. Moreover, they were able to better understand how the subsidiaries could contribute more and directly to the interests of the parent companies. This is particularly true due to the significant number of expatriates sent to work at subsidiaries to learn and understand the host country's environment. Therefore, the more time the subsidiary spends in the host country, the less the parent company is dependent on the subsidiary; in other words, the subsidiaries have fewer sources of control and power over the parent companies.

> "Within the years Chinese have picked up and learned, so they no longer had that power; the British felt that they still had that power, whereas it no longer exists because they knew how to design, they knew how to do the engineering." (Local Engineer, ManuCo 2)

Control and power start to move towards the parent company. The following section presents the parent companies' sources of control. As mentioned above, one of these sources is the need for the subsidiaries' individuals to maintain a strong relationship with the parent companies.

6.1.2. Sources of Control

6.1.2.1. Subsidiaries' Dependency on Relationships with the Parent Company

The previous chapter explains the subsidiaries' social actors' willingness to spend time and effort building their *guanxi* with expatriates and parent company management. This helped them gain their trust and have more power, thereby maintaining and localising HRM practices. However, relying on *guanxi* to keep rejecting standardised practices might damage this relationship. Therefore, the local management and HR managers had to accommodate the parent companies' requirements. They accepted and adopted standardised HRM practices that conflicted with their local practices. However, they had to accept them to maintain their power and status (Greenwood et al., 2011; Thornton et al., 2012).

For example, in ManuCo 2, they disrupted (deinstitutionalised) the old performance review system and way of conducting evaluations. They introduced new practices by using the parent company's performance review system. For the local management to introduce this change, they used business integration to justify the transfer of the parent company's HRM practices, such as the employees' performance management. They supported that transfer as beneficial for both sides to improve communication between the UK and China and enhance global understanding.

Although in ManuCo 1 they refused to adopt the Chinese performance management system, they had to compromise and adopt their bonus structure (reward and punishment). They followed a more hybrid approach to avoid conflict. They created and implemented a hybrid bonus structure due to ongoing negotiations between the HR manager and the parent company to adopt the latter's performance review system. To ManuCo 1 management and the HR manager, the parent company's performance review system had different meanings and interpretations. They perceived it as a form of control that did not align with the values and norms of ManuCo 1, particularly those associated with communist values (as discussed in Chapter 5). Therefore, what was finally transferred (i.e. the current bonus structure) was not exactly the same as the one used by the parent company; it was reshaped through negotiations. Therefore, in both cases, local managers, despite their senior positions and strong personalities, broke away from the scripted patterns of practices in which they were embedded and accepted new practices from the parent companies whilst also negotiating their adaptation. This gives partial autonomy to the HR

managers because their actions are governed by different units: subsidiaries and parent companies.

> "I think they are also very good at accommodating the needs of our Chinese ownership." (Local Director, ManuCo 1)

> "I think it has to be a balance between local practices and at the end of the day, we are all fitting into a global company, and therefore there's an element to which we need to conform to their [parent company] practices." (Local Finance Specialist, ManuCo 1)

> "And they know that if they ask me or the MD to do something, it will get looked after. We would come to a compromise on whatever it is they wanted to do." (Local HR Director, ManuCo 1)

Another example is the introduction of the clock in-out system in ManuCo 1 by the local HR director. In acquired cases, HR directors need to be very creative when introducing standardised norm-related practices to ensure minimum resistance and rejection. When the clock in-out system was introduced in ManuCo 1, it was presented as a means to ensure health and safety and enable the company to know who was on site in case of any incident. However, employees were suspicious of this reasoning because the management team were not required to use it, and because ManuCo 1 was facing a problem with

employee attendance. Once the system was implemented, the HR department and the managers started to monitor employee attendance, in precisely the manner in which this system is being used in the parent company. Local employees perceived this as top-down power and control by the parent company and evidence of communist-related practices. The same practice had two different meanings: one when it was introduced and another when it was actually implemented. Therefore, social actors can introduce new HRM practices by "cognitive manipulation" in which they change the meaning of practices.

> "It's not positive because everybody feels like you're being watched, as it were. Personally, I do not know what the real reason is, I'm not convinced." (Local Finance Specialist, ManuCo 1)

Like the acquired cases, in greenfield cases, local/European employees also want to maintain their *guanxi* with their Chinese managers. This is particularly true when they realise that they do not have power and accept the fact they need to play by the parent company's rules. This has led to the intentional adoption of some of the Chinese practices.

> "I know the procurement processes is something controlled by HQ, and I have to just play this game, just make it work. So, if I had a magic wand and that was something I could change, it would be the processes, make them a bit more simplified just for the regional areas." (Local Senior Manager 2, TeleCo 2)

Many local employees have developed a strong relationship with their Chinese bosses. One of the contributing factors is how carefully expatriates manage and deal with local employees (as discussed in Chapter 5). Therefore, some locals describe their working relationship with their Chinese bosses as one of the best, and they develop this sense of loyalty to their managers. Although local employees are not pressured to work longer hours, feelings of guilt make them stay longer at work, particularly if they have a good relationship with their Chinese boss.

> "I was working for a Chinese gentleman, and it was an absolute pleasure to work for him, I would have done anything for him. It was a very mature working relationship." (Local Manager, TeleCo 2)

> "Although I have my contracted hours, I do go outside of that from time to time. It's not that they are putting pressure on me, I just feel bad, I feel like I am not really being a team player, showing a bit more willingness. If I knew that there was something very serious and me not sending that email out just before I go away on that Friday evening, and I know that my line manager is going to be caused a lot of pain by that, then I know I should, I feel guilty for not doing something about that." (Local Senior Manager 2, TeleCo 2)

Another interesting finding is the influence of social integration on the local manager. In TeleCo 2, for example, some local managers prefer Chinese practices and choose to hire local Chinese workers. According to their experiences, Chinese employees work hard, get the job done, have a sense of urgency and are easier to manage.

> "The Chinese guys are an absolute pleasure to have to work for you. When you go into the office in the morning, they are already sat at their desk working, used to take the Europeans half an hour to settle down because they would get in, they would have to go and get a cup of tea, go down and have their breakfast, the Chinese boom, they are already at it. They listen to you, and they understand exactly what you want, and they go away and get it done. What I found with managing some local people; they would want to question everything at every step and just slow everything down? The difference is Chinese listened to what I was saying and understood what the objective was rather than sitting there for two or three days questioning it. The other thing is if there is an emergency and you have something you need that was not predicted and needs to be done quickly, the Europeans would say, 'Oh, sorry, I cannot get that done. I am going home tonight; it's six o'clock, sorry bye'. The Chinese would go, 'Yeah, fine, I will get it done', and you would get it done at 11 o'clock at night." (Local Manager, TeleCo 2)

However, the influence of Chinese working practices on some local and European managers had negative consequences. When local Chinese employees were given many tasks from different expatriate managers, their local or European line managers were expected to talk to the expatriates and explain why their actions were unacceptable. Surprisingly, some managers did not take any action because they knew that this was acceptable in Chinese companies, and also because the expatriates were in senior positions and they wanted to maintain face. Many local Chinese employees complained that they wanted to be treated like local employees and not like expatriates, and especially that they were not receiving the same benefits as expatriates.

> "Because my direct manager is a foreigner, I was asked by different Chinese managers from different departments, they will ask me to do more tasks, not my basic duties and responsibilities. So, if you are Chinese, you could do more jobs daily. Some Chinese managers, their position is higher than my line manager." (Local Chinese IT Specialist, TeleCo 2)

In summary, local management and employees in the subsidiaries realised that their sources of control and power (parent companies' dependence on them, as mentioned in Chapter 5) are not as strong as in the first few years of the subsidiaries' establishment and acquisition. Therefore, they needed to maintain a strong relationship with the parent companies and expatriates by adopting and accepting standardised practices. Another reason is that they depend heavily on parent companies' physical support in the form of financial assistance.

6.1.2.2. Subsidiaries' Physical Dependency on the Parent Company

Financial support is the main form of support that all the cases receive from their parent companies. In acquired subsidiaries, the parent companies have invested in many facilities and provided them with access to technology. Without parent company support, ManuCo 1 would not survive, especially the R&D centre.

> "A lot of investment in our facilities, almost £4 million; that's just the facilities. They gave them a massive workshop within the company to develop the cars." (Local Engineer, ManuCo 2)

> "I'm under no illusion that if there were no support from the parent company, ManuCo 1 probably would not be here, the state we are in at the moment. So, yes, we have received a lot of support." (Local Senior Engineer 1, ManuCo 1)

Due to the vast sums dedicated to the R&D centre in ManuCo 1, the parent company exercises more control over the centre, as their main interest is technical expertise. They are involved in the recruitment and selection of engineers, and their management of the centre is different from that of the other departments. Moreover, the physical changes (e.g. building the R&D centre and workshop, and replacing old equipment) were the starting point for, and means of enabling, changes to other subsidiaries' structures and management practices.

> "Because they fund the research and development centre, completely, 100%, they will say to us how many and what kind

> of engineers they want within that centre. So, they absolutely influence the people that are in the R&D centre." (Local HR Director, ManuCo 1)

> "The director of the R&D centre is a Chinese gentleman, and the team has been mostly Chinese, so they tend to use the Chinese style in their management, which is quite different to the rest of ManuCo 1, and so they work independently." (Local Former CEO, ManuCo 1)

The parent companies have also allowed subsidiaries access to a wider market and more customers. In ManuCo 1, the parent company is the main customer and supplier, leading to greater parent company control of business strategy. In this particular case, the parent company's strong brand and reputation have helped the subsidiary win more projects. Moreover, to thoroughly control the engineering profession, many of the transferred and standardised HRM practices and incentive schemes were directed mainly to the engineers and scientists in the acquired cases, for example, practices related to performance evaluation and technical grading where engineers can be awarded a higher grade. This upgrading is controlled by the parent company and has to be agreed upon with the Chinese representatives.

> "The final salary and remuneration, the promotion processes are very strongly led from the China headquarters." (Local Managing Director, ManuCo 2)

Similar to the acquired cases, in greenfield cases, the parent companies' support has been mainly financial. This support has also caused the subsidiaries to win projects or become successful in negotiating with other local and European companies. Moreover, some standardised HRM practices and incentive schemes were directed mainly to the sales team, such as bonus structure and the method of evaluating employee performance. This is very different from many local British firms: sometimes they randomly award very generous bonuses, with a formal thank you note when employees perform well. As mentioned in Chapter 4, these bonuses account for a good percentage of the salary; therefore, they are using the bonus (financial incentives) as a way of controlling the performance of the employees.

> "I was actually quite surprised because, in my negotiation over the salary, their bonus scheme was much better than anywhere else that I would have, but in my mind, I always just treat bonuses as I do not value that." (Local Senior Manager 2, TeleCo 2)

> "So they are happy to give you money, but they would expect you to work as much time as possible in the office and contribute as much as possible to make the money worth it." (Local Manager, TeleCo 2)

The huge financial support and incentives that all subsidiaries receive is a form of control (Roth and O'Donnell, 1996; O'Donnell, 2000). The parent companies'

physical resources, on which the subsidiaries depend heavily for their survival, are forms of power that give the parent company the agency to change and have more control, thereby increasing their dominance and standardisation. Although the physical changes came from the parent company's interests, these did not conflict with the subsidiary's local interests because they were mutual interests. However, the outcomes might not be favourable to one of them. The outcome in terms of increasing control and imposing standardised practices is not favourable to the subsidiaries' local management and employees.

Nevertheless, subsidiaries will have to accept the imposed practices to maintain their self-interest (Fligstein, 1997) and collective interest in the form of continued financial support from the parent, which helps them continue to build the subsidiary and retain jobs. Kostova and Roth (2002, p. 230) state that "dependency of a subsidiary on its HQ will influence the degree to which the subsidiary 'adopts', 'implements' and 'internalises' practices and ideas transferred by the HQ". According to Horwitz et al. (2002), in a cross-cultural study, they found that one party's relative power over the other may influence the direction of diffusion of particular practices such as reward systems. It is important to note that the support that subsidiaries receive from the parent company is primarily provided by the Chinese state, which controls the parent companies and their overseas subsidiaries.

The following section explains the influence and sources of control of the Chinese state over the parent companies and how this affects the subsidiaries' HRM practices.

6.1.2.3. Parent Companies' Physical Dependency on the Chinese State: Political and Ideological Influence

There is direct financial support and influence from the Chinese state to the subsidiaries in the form of political control. The Chinese economy is primarily politically driven by the CCP. Therefore, the influence of the Chinese state can be seen in the CCP's political interest, which mirrors the way in which they align the subsidiaries' strategies with the Chinese state's economic strategy, for example, aligning the subsidiaries' strategies with BRI. Thus, their investment in the UK aims to accomplish an internal Chinese economic agenda and interest, rather than just having a global strategy.

> "The overall five-year strategy for the parent company had to be a product of the government's five-year strategy that the Chinese government wanted to expand in, and even international relationships." (Local Managing Director, ManuCo 2)

> "They sell the Digital Silk Road. So, if you see that map there, can you see those routes, those cables. They call that the Digital Silk Road. They do intertwine, both that Xi Jinping's Belt One Road agenda with their commercial interest, yeah." (Local Business Manager 2, TeleCo 1)

Another state influence is recognised through the political ideology of the CCP. Their values are rooted in the parent companies and individuals and exemplified

in their management practices. In these cases, strong centralism was evident: vertical chains of command and hierarchical structuring are central principles of the CCP, known as Democratic Centralism (Schurmann, 1960; Yang, 2016). Therefore, they have huge control over the business operation in the UK.

> "The party is very heavily integrated into the organisation of the business, and according to my understanding, a lot of the party processes had a strong influence on the business operation, so a lot of meetings, particularly in the evening, were run by the party. Even the human resource strategy would not just be a product of the conversations with the immediate people that you would normally expect in the organisation. It could go beyond that, and I think very often was determined or shaped from conversations within the party or on a political basis." (Local Managing Director, ManuCo 2)

Most, if not all, expatriates in senior positions are members of the party. They have to follow the instructions of their superiors in China and demonstrate absolute loyalty so that the party can have ultimate control. The politics and command and control style of management appear to have caused issues and complicated the work at the subsidiaries.

> "ManuCo 2 is definitely a political organisation. It is owned by the Shanghai government. If you want to go high in the business, you have to be a member of the Chinese Communist

> Party. And so a lot, most of the senior positions are political appointments. Not by merit. But by political clout." (Local Department Head, ManuCo 2)

> "The subordinate must ask permission of their superior, who may have to ask permission all the way up to do something, and it's very frustrating sometimes." (Local Principal Engineer, ManuCo 1)

Moreover, one of the relevant bodies of the CCP in this respect is the All-China Federation of Trade Unions (ACFTU), which transmits the party's views to Chinese corporations. They were actively involved in promulgating the Labour Law of 1994 (Markel, 1994), the purpose of which was to streamline the legal framework for people management practices (Ding et al., 2000). The CCP accordingly influences what companies do and their management of employees, for example, rewards and evaluation of employee performance, for which the criteria were deemed problematic.

> "Their assessment of people partly involves whether they are a good employee, and that is within the definition of what the Communist Party would apply as a good employee." (Local Former CEO, ManuCo 1)

> "Some of the evaluation criteria, for example, in the Chinese business did relate to activities within the party, which was not

> appropriate for the UK business." (Local Managing Director, ManuCo 2)

One of the reasons for the increased level of control and standardisation in ManuCo 2 compared to ManuCo 1 is the predominant representation of powerful CCP members in the parent company. An employee of TeleCo 1 highlighted another example of decisions made by the state that influence individuals' projects and performance. Moreover, in terms of reducing the number of local employees, particularly in senior positions, some participants refer to that as politically driven.

> "My boss said, 'You are not going to win the deal. I have been told to give it to [another Chinese TeleCo SOE], because they have had a bad year, and do not worry, we will give you some money'. It makes you realise that it's being controlled by the government." (Local Business Manager 1, TeleCo 1)

> "I suspect it's a change from the top, politically from the government saying the company needs to employ Chinese people because it's a Chinese company and therefore you cannot have lots of locals at the top or international non-Chinese at the top or in more senior decisions making positions in a Chinese company." (Local Manager, TeleCo 2)

Finally, although TeleCo 2 is a POE, it has a close relationship with the Chinese government. This company has been referred to as an extended arm of the Communist Party. Many other Chinese employees believe that TeleCo 2 is receiving support from the government.

> "All the businesses when they grow to a certain level if they do not get any government support, they would not grow so big, they got cash flow very great cash flow. And the cash flow is from the banks. And who is controlling the banks? In China, it is purely government-owned." (Local Chinese Executive Hiring Consultant, TeleCo 2)

TeleCo 2 has built a close relationship with the British government. The Chinese government is using TeleCo 2 as a means to build a strong international network in a manner that is difficult for a state-owned company to do, particularly telecommunications companies. This is true because the CEO and the founder of TeleCo 2 is a member of the CCP and the People's Liberation Army (PLA), which the CCP controls. This means that there is a top-down influence in running the business and management of employees.

> "The founder of the company worked within the Chinese army, and I do wonder whether that philosophy has filtered down into the way the company works. I think execution is a big word in TeleCo 2, get it done." (Local Manager, TeleCo 2)

Across all cases, the Chinese state, through their communist values and interests, is present in the subsidiaries, whether through their international strategy, HRM practices or even management style. The political power of the parent companies strengthens their control over both acquired and greenfield subsidiaries, which leads to the standardisation of practices. The state's political power (communist) has transferred to the parent company and influences the management at the subsidiary and individual levels.

Table 6.1: Standardisation of the Subsidiaries' HRM Practices

Theme	Sub-themes	Summary
1. Mechanisms of control	**1.1. Business integration**	- Acquired cases were quite independent of their parent companies at the beginning of the acquisition so as to be able to fulfil the motives and interests of the parent companies. - When the subsidiaries did not contribute enough, in terms of technical knowledge, to the parent company compared to the first years of the acquisition, when there was a lack of communication, and when the subsidiaries started to work in a different direction from the parent company, the parent company felt that they were losing control and thus enforced more control and introduced some standardised practices. - ManuCo 2 became 100% integrated with the parent company in terms of business. That resulted in transferring the parent-company performance appraisals and introducing the technical grading structure for engineers. - In ManuCo 1, the parent company increased control and business integration by replacing the local project management system with the parent company's system for better business integration and future standardisation, introduced an annual commitments letter detailing what they expected ManuCo 1 to achieve and increased their ownership of the subsidiary from 75% to 100%. The increase in business integration allowed the parent company to introduce a number of standardised practices, such as the bonus structure (punishment and reward) and clocking in system. - In the greenfield cases, the level of control has increased as well. The parent company decided to replace all the local systems with the parent-company systems for complete integration. Therefore, local and Western employees cannot use the systems because of the language barrier. - These systems allowed the parent companies to keep a high level of control and a need to recruit more expatriates or local Chinese staff and fewer local employees.

Theme	Sub-themes	Summary
	1.2. Subsidiary structural changes	<u>Representation and roles of employees</u> - In an acquired case (ManuCo 2), the parent company decided to recruit 30 graduates in one year, expecting to change the old mindset and shape the new employees to the parent company's desired culture and interests. - The parent company of an acquired case (ManuCo 2) hired a Western director who had been working in China for fifteen years and had a good relationship with the top management in the parent company to improve communication and the relationship between the subsidiary and the parent company and to improve integration and internal compliance. - The parent company of an acquired case (ManuCo 1) assigned two operational positions to local employees, one in the subsidiary organisational chart and the other in the parent company chart. These two positions give individuals more exposure to Chinese business, culture and practices and make it easier to transfer standardised practices. - Despite the increase in business integration and the changes in the subsidiaries' structure, the acquired subsidiaries were still working in a different direction from the parent companies. As a result, the parent company enacted a significant shift by restructuring the subsidiary (ManuCo 2) and making an extensive series of redundancies of many original local employees. In the ManuCo 1 case, the parent company increased their subsidiary ownership from 75% to 100% and forced the former MD to resign. - In greenfield cases, they used to have more local employees, with some in senior positions. But when the local senior managers and directors caused numerous conflicts between themselves (minority – following the localised approach) and the Chinese directors (majority – following

Theme	Sub-themes	Summary
		standardised approach) the parent company replaced local senior managers and directors with expatriate managers because they wanted to avoid future tension and have more control. - In greenfield cases, locals are not hired into senior positions or promoted to senior positions. - In all cases, their hiring model has changed from hiring local senior experts to local young professionals who are not strongly embedded locally. - The main priority of the parent company changed from keeping local expertise to increasing control and ensuring legitimacy between the subsidiaries and the parent company. <u>Expatriates: role, influence and ideology</u> - In greenfield cases, the senior positions are all occupied by expatriates, and in acquired cases expatriates also occupy senior positions despite their minimal presence. - Expatriates possess established institutionalised views and taken-for-granted HRM practices. - Expatriates seek to maintain standardised practices and their Chinese culture and identity by transferring the parent company's HRM practices. - Expatriates are considered "carriers" who act as significant control mechanisms for the parent company and influence some HRM practices. - Expatriates act as knowledge transferrers, translators and facilitators who bridge the communication barrier and develop strong relationships with the parent companies. They also observe and report what is happing in the UK subsidiaries on a daily basis. - Expatriates can have a significant influence on the parent company's decision-making process. Therefore, maintaining a good relationship with expatriates and parent companies is important to the survival of the UK subsidiaries for local management and employees.

Theme	Sub-themes	Summary
		- Expatriates can introduce significant changes even when it might seem challenging for them, particularly in acquired subsidiaries, since the acquired subsidiaries have robust local administrative heritage, taken-for-granted HRM practices and a situation in which non-Chinese locals occupy the majority of management positions. - Some expatriates chose to be open-minded and socially integrated; they showed appreciation of cultural differences and developed a good relationship with the local management and employees. Over time, they were able to transfer some of the parent company's HRM and working practices without much resistance from local employees. - When expatriates became very socially integrated, they changed from being carriers of the parent company's culture and practices and a means of control to becoming interpreters of the local context. In this case, the parent companies are likely to replace them as they reduce centralised control and are perceived as disloyal. - Some expatriates decided not to integrate socially and to be closed-minded. This can be linked to the parochial mindset. The latter can prevent expatriates from integrating with the local environment and causes them to maintain firmly their Chinese working practices and management style. - Expatriates persisting in maintaining and introducing standardised practices is linked to their political ideology. Generally, expatriates are members of the CCP, which gives them more political power to strengthen control over the subsidiaries. This translates into a strictly hierarchical decision-making process and a structured command-and-control mindset, whereby employees are told what to do and are disinclined to discuss and argue with seniors about their decisions.

Theme	Sub-themes	Summary
		- Expatriates tend to follow the requirements and requests of the parent companies unquestioningly. They introduce changes and standardised practices, even when they are not convinced of their validity and appropriateness because they want to maintain their social status and power in their parent companies. - Although some expatriates had to abandon some of the Chinese management practices that might cause legal problems with local employees, some of these practices still exist but are used only with other expatriate and local Chinese employees. - Most expatriates prefer to hire local Chinese employees, and they also allocate urgent work to Chinese employees. Hence, Chinese employees feel overloaded and as though they are not being treated fairly. On the one hand, local Chinese employees do have more opportunities to obtain more bonuses. But, on the other hand, locals have fewer opportunities, which results in a high turnover rate.
2. Sources of control	**2.1. Subsidiaries' dependency on relationships with the parent company**	- Subsidiaries' social actors realised that, if they rely on *guanxi* to keep rejecting standardised practices, this might damage this relationship. - The local management and HR managers had to accommodate the parent companies' requirements by accepting and adopting standardised HRM practices that conflicted with their local practices to maintain their power and status. - Local HR managers and management accept new practices from the parent companies whilst also negotiating their adaptation. This gives partial autonomy to the HR managers because their actions are governed by different units: subsidiaries and parent companies. - In greenfield cases, local/Western employees also want to maintain their *guanxi* with their Chinese managers. They realise that they do not have power and accept that they need to play by the parent

Theme	Sub-themes	Summary
		company's rules. This has led to the intentional adoption of some Chinese practices. - Many local employees have developed a strong relationship with their Chinese bosses. They develop a sense of loyalty to their managers, and they would willingly work longer hours because the feelings of guilt make them stay longer at work. - Due to the increase of social integration, some local managers prefer Chinese practices and choose to hire local Chinese workers because they work hard, get the job done, have a sense of urgency and are easier to manage. - Many local Chinese employees were given numerous tasks by different expatriate managers. As a result, they complained that they wanted to be treated like local employees and not like expatriates, especially that they were not receiving the same benefits as expatriates. - Local management and employees in the subsidiaries realised that their sources of control and power are not as strong as in the first few years of the subsidiaries' establishment and acquisition. Therefore, they needed to maintain a strong relationship with the parent companies and expatriates by adopting and accepting standardised practices.
	2.2. Subsidiaries' physical dependency on the parent company	- Financial support is the main form of support that all the cases receive from their parent companies. - The parent companies have allowed subsidiaries access to a wider market and more customers. - The physical changes in acquired cases (e.g. building the R&D centre and workshop and replacing old equipment) were the starting point for enabling changes to subsidiaries' structures and management practices. - In ManuCo 1, due to the vast sums dedicated to the R&D centre, the parent company exercises more control over the centre, as their primary interest is technical expertise. As a result, they are

Theme	Sub-themes	Summary
		involved in the recruitment and selection of engineers, and their management of the centre is different from that of the other departments. - In all cases, many of the transferred and standardised HRM practices and incentive schemes were directed mainly at engineers and scientists in acquired cases and at the sales team in greenfield cases. Therefore, they are using bonuses (financial incentives) to control the performance of employees. - The parent companies' physical resources, on which the subsidiaries depend heavily for their survival, are forms of power that give the parent company the agency to change and have more control, thereby increasing their dominance and standardisation. - The subsidiaries had to accept the imposed practices to maintain their self-interest and collective interest in the form of continued financial support from the parent, which helps them continue to build the subsidiary and retain jobs.
	2.3. Parent companies' physical dependency on the Chinese state: political and ideological influence	- There is direct financial support and influence from the Chinese state to the subsidiaries in the form of political control. - The influence of the Chinese state can be seen in the CCP's political interest, which mirrors how they align the subsidiaries' strategies with the Chinese state's economic strategy. - The parent companies and Chinese state investment in the UK aims to accomplish an internal Chinese economic agenda and interest, rather than a global strategy. - The CCP's values are rooted in the parent companies and individuals and exemplified in their management practices. In these cases, strong centralism was evident with a huge control over the business operation in the UK.

Theme	Sub-themes	Summary
		- Most expatriates in senior positions are members of the party. Therefore, they have to follow the instructions of their superiors in China and demonstrate absolute loyalty so that the party can have ultimate control. - ACFTU, with is one of the relevant bodies of the CCP, was actively involved in promulgating the Labour Law of 1994. Accordingly, the CCP influences what companies do and their management of employees, for example, rewards and evaluation of employee performance. - The politics and command-and-control style of management appear to have caused issues and complicated the work at the subsidiaries. - The political power of the parent companies strengthens their control over both acquired and greenfield subsidiaries, which leads to the standardisation of practices. - The state's political (communist) power has transferred to the parent company and influences the management at the levels of the subsidiary and the individual.

6.2. CHAPTER SUMMARY

This chapter explains the major shift in the parent companies' response towards institutional complexity and why and how they started to increase the level of control and standardisation. It also shows how they shifted their interest from gaining external legitimacy to gaining internal legitimacy. The parent companies used two main mechanisms of control. First, they increased the business integration in all cases, which helped them transfer some HRM practices as part of successful business integration. Second, they made some changes to the subsidiaries' structure, starting with intense changes, restructuring subsidiaries and redundancy, and also forcing MDs to resign. Other changes include reducing the number of locals, increasing the number of expatriates and local Chinese employees, changing the recruiting model by hiring young local experts instead of senior experts, and replacing the senior local managers in greenfield cases with expatriates. The chapter then focuses on and explains the role and influence of expatriates in transferring and standardising the subsidiaries' HRM practices. It analyses their role as a parent company mechanism of control. It also analyses their forms of influence and explains the influence of their political ideology.

At the end of the first section of the chapter, it was apparent that control and power start to move towards the parent companies, contrary to the findings discussed in Chapter 5. This happened because, the more time the subsidiaries spent in the host country, the less dependent the parent companies became on them. Therefore, the second section of the chapter identifies and explains three main sources of control that the parent companies depend on to increase their control. First, they depend on the need of subsidiaries' local social actors to

maintain a strong relationship with the parent companies, leading subsidiaries' local social actors to accept and adopt some of the parent company's standardised practices. This part explains how subsidiaries' local actors played a role in standardising subsidiaries' HRM practices to maintain their power and status. It also explains how some locals were influenced by Chinese practices and intentionally adopted them because they preferred working with Chinese bosses and employees.

Another reason for maintaining their relationship and another of the parent companies' sources of control is the heavy dependency of the subsidiaries on parent companies for physical (financial) support. The subsidiaries accept imposed practices to maintain their interest in continued financial support from the parent companies, which helps build the subsidiaries and retain jobs. The parent companies' support allowed them to be more involved in some of the HRM practices, such as recruitment and selection, and they were able to transfer their management style to the major business functions in the subsidiaries, particularly the ones that receive the most financial support. Also, bonuses, both structured and random, were used as a way to control the performance of individuals.

Finally, the third source of control identified in this research is parent companies' dependency on the Chinese state. Hence, the support that subsidiaries receive from the parent companies is essentially provided by the Chinese state. As well as the use of financial support as a means of control, the political ideology and values of the CCP were presented in the subsidiaries and influenced HRM

practices and expatriates' management styles. This demonstrates that the political power of the Chinese state has not only been transferred to the parent companies' management and individuals but has also filtered into and influenced the subsidiaries' management and individuals.

CHAPTER 7: DISCUSSION

7.0. INTRODUCTION

The purpose of this discussion chapter is to bring together the findings outlined in the previous three chapters with respect to the localisation and standardisation of the HRM practices in CMNC subsidiaries in the UK. Chapter 4 offered a description of each subsidiary, its parent company's history and the latter's motives for its investment in the UK. It then presented an in-depth description and analysis of the HRM practices of the four cases under discussion. Chapter 5 identified and explained the different mechanisms and sources of control that led to the maintaining and localisation of the subsidiaries' HRM practices. Chapter 6 presented the findings of the standardisation of subsidiaries' HRM practices.

This chapter discusses the findings and their implications for theory and links the findings back to the literature. It uses the localisation and standardisation perspective, the institutional logics lens, and resource dependence theory. This chapter is organised into two main sections. The first section discusses the forms of centric hybridity of HRM practices' orientations. It takes a step further in understanding the localisation and standardisation of HRM practices in CMNC subsidiaries in the UK. It identifies two main logics and their different forms of formal and informal control. The second section discusses the dynamicity of HRM practices' orientations. It explains the change in the institutional and social actors' responses to institutional complexity, the changes in the level of control and the change in the localisation and standardisation of HRM practices.

7.1. CENTRIC HYBRIDITY OF HRM PRACTICES' ORIENTATIONS

How to balance between the need for global integration (standardisation) and local responsiveness (localisation) is the main challenge facing MNCs when transferring and adopting HRM strategies and practices (Ferner, 1997; Gamble, 2003; Almond, 2011; Siebers et al., 2015; Zhu and Jack, 2017). The majority of IHRM research has centred around measuring the degree of localisation and standardisation of the subsidiaries' overall HRM practices (Rosenzweig and Nohria, 1994; Björkman and Lu, 2001; Chung et al., 2014; Ouyang et al., 2019). Such studies have resulted in a general understanding of the standardisation and localisation orientations of HRM practices, but have overlooked the inherent nuances and complexity. Therefore, to do justice to the complexity of standardisation and localisation orientations, this research follows a different approach and applies different theoretical lenses.

First, it closely analyses the orientation of each HRM practice rather than the whole HRM approach. Second, it offers an in-depth description of which elements of each practice are localised and which are standardised. Finally, it goes beyond a comparison of practices, similarities and differences to reveal unique hybrid forms and dynamic dimensions. Therefore, this part of the discussion answers the first question:

> **Q1:** To what extent are the orientations of the HRM practices in CMNC subsidiaries in the UK, both Chinese origin and British origin, explained by the localisation and standardisation framework?

To answer this question, the institutional logics perspective was used to identify the main logics and understand and explain their influence on each HRM practice. To identify these logics, the first part of this section explains how the mode of establishment factored through the analysis of institutional logics to address its influence in the orientations of HRM practices. The discussion of this part will be carried out throughout this chapter. Then the second part explains the influence of home-country and host-country actors on HRM practices through institutional logics and their underlying formal and informal forms of control. These two parts are explained in the sub-sections below.

7.1.1. Mode of Establishment: Origin and Embeddedness

This research recognises the importance of examining and comparing subsidiaries based on their mode of establishment, namely greenfield (Chinese origin MNC subsidiaries) and acquired subsidiaries (non-Chinese origin MNCs). The existing studies on CMNCs in the UK examine either greenfield subsidiaries (e.g. Zhang, 2003; Shen et al., 2005; Zhang and Edwards, 2007; Zhang et al., 2014), or acquired British firms' brownfield subsidiaries, such as the recent study by Khan et al. (2019). This research considered both greenfield and brownfield modes of establishment. Although the mode of establishment has been studied before as one of the factors that influence the IHRM (Rosenzweig and Nohria, 1994; Taylor et al., 1996; Björkman and Lu, 2001; Thite et al., 2012; Chang and Smale, 2014), these studies do not provide an adequate explanation of how the mode of establishment, from the perspective of both embeddedness and individual agency, influences the orientations of HRM practices. Scholars show that institutional theory is a strong theoretical lens for a national

institutional level of analysis that helps to understand the home- and host-country effect (Kamoche and Harvey, 2006; Chang et al., 2007; Kostova et al., 2008; Mayrhofer, Brewster, Morley and Ledolter, 2011; Björkman, 2006; Thite et al., 2014; Zhu et al., 2014; Ayentimi, Burgess and Brown, 2016). However, other non-national institutional factors, such as mode of establishment, can also explain the orientations of HRM practices.

To overcome the failure to take into account mode of establishment in contemporary IHRM research, particularly when using institutional theory, this research investigated the influence of the logics associated with the subsidiaries' mode of establishment on the orientation of HRM practices. Logics are embodied in practices, embedded at the organisational level and carried by individuals, both locals and expatriates (Blomgren and Waks, 2015; Wheeler et al., 2005). The research found that local-origin subsidiaries (LOS) are considered to be more locally embedded because the original logic is associated with the local institutional context. In contrast, home-origin subsidiaries (HOS) are considered to be more home-embedded because the original logic is associated with the home institutional context. According to Chung et al. (2014), the orientation of HRM practices in MNC subsidiaries differs according to the particular context of each company.

The influence of the establishment mode is discussed throughout this chapter through an analysis of when and how logics can be dominant and also by relating this to the parent companies' motives and the interests behind their establishment

mode. The second part identifies and explains the main home-country and host-country logics using an actor-focused approach.

7.1.2. Home-country Logics and Host-country Logics

The MNC subsidiaries are exposed to at least two different institutional environments: their host country and their parent company and, by extension, their home country (Kostova and Roth, 2002). Previous research refers to these as the country-of-origin effect and host-country effect (Ferner, 1997; Ferner, Quintanilla and Varul, 2001; Pudelko and Harzing, 2007). This research explains the influence of actors from the host country and country of origin or ownership on the HRM practices using institutional logics. In Chapter 4, the in-depth description of the four HRM practices led to the identification of key logics that influence the localisation and standardisation of HRM practices. The identified logics are based on institutional logics typology, which includes states, corporations, professions, markets and communities (Thornton, 2004). Four different logics were identified: host-country state logic, home-country state logic, local subsidiaries' corporation logic and parent companies' corporation logic. Since one of the main approaches to the influence of home and host country is manifested through control (Harzing and Sorge, 2003; Merchant and Van der Stede, 2017), the focus of the discussion of logics in the following section is on their underlying forms of control.

7.1.2.1. Local Logic: Local Isomorphism

7.1.2.1.1. Host-Country Regulations: State Logic Formal Mechanisms of Control

From the perspective of the host country, host-country legal requirements are among the most influential environmental pressures on subsidiaries' HRM practices (Schuler et al., 1993; Taylor et al., 1996; Gamble, 2003; Chang et al., 2009). According to institutional logic, state logic considers regulations to be one of its formal control mechanisms (Thornton and Ocasio, 2008). HRM practices in all cases complied with UK employment laws, leading to some degree of localisation. Based on the research findings, state logic control was more apparent in recruitment and selection, as well as in compensation and benefits. This is consistent with existing research into CMNCs in DMs (e.g. Zhang, 2003; Zhang et al., 2014; Khan et al., 2019), which considers regulation to be a major factor accounting for the adoption of UK employment practices.

However, state logic cannot always be considered as a dominating logic or government (i.e. regulations) as a powerful actor. Since the parent companies comply with the minimum requirements of the law (institutional coercion), they are free to exercise significant control over HRM practices. Previous research has shown that there is often little cognitive and normative institutional enforcement and, therefore, more institutional freedom to choose the local institutional environment's level of responsiveness (Kostova et al., 2008). Although state logic takes a static regulative form, this research showed a flexibility dimension of state logic that explains both institutional coercion and

freedom simultaneously, in terms of the extent to which the parent companies comply with the state logic requirements (minimum or maximum) and the extent to which that influences the level of localisation. This is particularly true if these requirements are influenced by the host country's national and corporate culture.

7.1.2.1.2. Host-country Local National and Corporate Culture: Local Corporation Logic Formal and Informal Mechanisms of Control

The host country's culture is considered an influential factor in localising HRM practices (Schuler et al., 1993; Adler, 2001; Quintanilla, 2002; Schuler et al., 2002). In this research, this played a role in maintaining and introducing more localised HRM practices. To some extent, organisational culture is influenced by national culture (Li and Liu, 2002). Local culture is represented in the LOS corporation logic and also carried by the local individuals in all subsidiaries, both LOS and HOS. Corporation logic has two forms of control. First, there is formal control, which is exercised by means of existing policies and the local management decision-making authority (Ouchi, 1979; Chatman and Cha, 2003). For example, they set policies and clear plans for recruitment and selection, training and development, benefits, and performance appraisal. Chapter 5 provided examples of how the local management in LOS maintained localised practices and rejected some standardised ones, even in HOS with low numbers of local employees. This was clear in some practices, including benefits (flexitime), professional training, communicating evaluation results, and performance appraisal in ManuCo 1.

Second, there is informal control, which is exercised through the local organisational culture. Organisational culture is defined as a set of values shared collectively across organisational employees (Chatman and Jehn, 1994; Liu, 2004). This implies that a series of shared norms and beliefs are embedded in the subsidiaries, including embedded materiality and taken-for-granted practices (Harzing and Sorge, 2003; Shen, 2005; Zhang and Edwards, 2007; Battilana and Dorado, 2010). Organisational culture is considered to be a control mechanism that has gained acceptance (Jaeger, 1983). There might not be a strong local organisational culture in the HOS, but the local individuals working there carry and share the same norms and beliefs of the local culture into the subsidiaries. Furthermore, during the first year of establishment, local employees embedded local cultural values and practices in the subsidiaries, particularly when their representation was higher and they occupied senior positions. Therefore, the local management and employees were able to maintain localised practices and reject some standardised ones.

Some localised practices were introduced as well, such as work-life balance practices, which included flexitime and working from home. However, these were introduced in LOS and not in HOS because the meaning (symbolic dimension of the logic) of work-life balance in the Chinese context differs significantly from the UK context, primarily due to the different national culture and values (Cooke, 2015; Cooke, 2018). McPherson and Sauder (2013) state that the meaning of institutional logics is not fixed, and they are subject to individuals' interpretations. According to Cooke (2018), in a Western context, the solution to work-life conflict lies mainly beyond the work sphere in the form

of a physical and psychological boundary between work and non-work life. While in the context of China and Confucian values, “the workplace may be a source of happiness, spiritual support, and good social life where employees’ families may be involved in its activities as an extended part of the company” (Cooke, 2018, p. 10). Therefore, the practices are different among the LOS and HOS. This is why the local management introduced flexitime and discouraged employees from working late in LOS. In contrast, the Chinese management in HOS encouraged employees to work late but, at the same time, offered more traditional benefits (free lunch and dinner) and social and traditional family activities, in contrast to the LOS.

The discussion above suggests that the local organisational culture and the local management authority forms of control are not independent of each other, and it is difficult to separate and individually explain the influence of each one. When local cultural values are embedded in individuals, they are enacted by those individuals, the local management team, through their decision-making authority.

Both local state and local corporation logics can be grouped under a central logic termed “local logic”. In all cases, local logic influenced all practices, leading to some degree of local isomorphism. This is consistent with previous research, which shows that MNC subsidiaries’ HRM practices face intense pressure to adapt to or adopt local practices and often take on some degree of local isomorphism (Rosenzweig and Nohria, 1994; Ferner, Edwards and Tempel, 2012; Belizon, Gunnigle and Morley, 2013; Sidani and Al Ariss, 2014). This

means that local logic not only enables local isomorphism, but it also prevents parent companies from transferring their HRM practices to the subsidiaries. Khan et al. (2019) found that Chinese expatriate managers in the UK subsidiaries considered local regulations and local norms to be a hindrance to efficiency while at the same time acknowledging the need to adapt to local norms and practices. However, isomorphism is not limited only to local isomorphism; there are influences and pressure from the home country.

7.1.2.2. Home Logic: Home Isomorphism

7.1.2.2.1. Home-country National Culture: Home Corporation Logic Formal and Informal Mechanisms of Control

From the home-country perspective, the MNC parent company is considered to be a critical actor when studying HRM practices in CMNCs (e.g. Ferner et al., 2005; Cooke and Lin, 2012). One of the most significant factors of the country of origin is MNC control (Chang and Taylor, 1999; Ferner et al., 2001; Collings, 2003; Chang et al., 2009). The parent company's formal and informal mechanisms of control are explained by the corporation logic. Parent companies' corporation logic played a huge role in transferring some elements of their HRM practices to the subsidiaries and, in some cases, the entire practice, such as performance appraisal. HRM policies and procedures act as mechanisms of control for the parent companies (Bartlett and Ghoshal, 1991). Thus, parent companies will have to transfer their HRM practices to maintain control over their subsidiaries (Yahiaoui, 2015).

Similar to the local corporation logic, the parent companies used formal centralised control through management decision-making authority to transfer some HRM practices (Ouchi, 1979; Chatman and Cha, 2003). This is also called direct transfer mechanisms, where the subsidiaries are required to conform with HRM policies from the parent companies. Additionally, this was also complemented by informal corporation control or indirect transfer mechanisms. The subsidiaries were informally influenced by the distinctive culture, norms and beliefs embedded in parent companies and their management and carried by expatriates. Therefore, the HRM practices were attached by some carriers, including organisational culture and expatriates, leading them to be transferred to UK subsidiaries. Some of the transferred practices are strongly associated with the Chinese and the parent companies' Confucian philosophy and values such as *guanxi*, maintaining face and rewards and punishment. Thite et al. (2012) identify national culture as one of the influential factors of the country-of-origin perspective and also of country-of-ownership in cases of LOS.

Yet again, similar to the local corporation logic, the parent companies' corporate culture and the management authority are not separated because home-culture values are embedded in the individuals, and are enacted by the expatriates and the Chinese management team when making decisions regarding the subsidiaries. It is important to emphasise that expatriates in the subsidiaries and the parent companies' management do not represent only their parent companies: they are key people representing the CCP, the only political party of the Chinese state.

7.1.2.2.2. Home-country State: State Logic Formal and Informal Mechanisms of Control

In emerging economies, particularly China, the role of the state is critical in shaping HRM in Chinese firms, both SOE and POE (Cooke, 2011). However, it has received limited attention in the IHRM literature (Budhwar and Debrah, 2001; Wang and Wang, 2006; Mellahi, 2007; Rees, Mamman and Braik, 2007; Cooke, 2011; Cooke and Lin, 2012). Wilkinson et al. (2014) point out that the political dimension is largely ignored in the IHRM literature, particularly in the EMNC context (Luo and Zhang, 2016). Therefore, this research took a further step to explain the role of the Chinese state in shaping subsidiaries' HRM practices.

As mentioned before, China is a one-party state, and its economy is primarily politically driven by the CCP. They were actively involved in promulgating the Labour Law of 1994 (Markel, 1994), accordingly influencing what companies do and their management of employees. This was evident in these research findings, which showed that their influence is manifested in some HRM practices such as rewards and employee performance evaluation. This demonstrates a formal mechanism of control in shaping the parent companies' HRM practices which has then been transferred to the subsidiaries. Another formal mechanism of control is through the authority of Chinese management. This was explained in Section 7.1.2.2.1 as formal control of parent-company corporation logic. However, because the Chinese state appoints CCP members in key positions in the parent companies and subsidiaries (Wang, 2012), home state logic accordingly is an essential part and is integrated into the corporation

logic, particularly in the SOEs. Strong centralism was in evidence; vertical chains of command and hierarchical structuring are central principles of the CCP (Yang, 2016). HRM-related decisions are often determined and shaped by conversations within the party and on a political basis.

The state logic formal control is influenced by its informal control. State logic influence is recognised through the political ideology of the CCP. Their values are rooted in the parent companies and carried by the expatriates to the subsidiaries. Many examples were given in Chapter 5 and Chapter 6 that demonstrated the communist values in some practices, such as performance management and bonus structure, and how expatriates manage employees. Therefore, the transfer of HRM practices and the management of the employees contains a political dimension. In addition, because expatriates engage extensively in informal chats and social gatherings, some decisions related to HRM, such as promotion, are discussed in informal gatherings, and these ultimately influence the management's final decision. This informal control is called backroom politicking, and is one of the informal forms of control of the state logic (Thornton, 2004).

Using institutional theory in a less traditional way, particularly institutional logics, helps explain the influence and role of actors such as the Chinese state. This demonstrates the importance of context in understanding and explaining the phenomena and developing novel findings and theory, especially in the Chinese context. Similar to the local logic, both of these two logics can be grouped under a central logic termed "home logic". HRM practices in all cases were influenced

by home logic leading to home isomorphism and not just corporation isomorphism, as mentioned in previous research (see Edwards and Ferner, 2002). The influence of the home was more pronounced in performance appraisal and in compensation and benefits compared to the other practices. This is consistent with previous research, which shows that performance appraisal and reward management policies in China seem to be culture-bound (Lu and Björkman, 1997). However, this is not consistent with Zhang and Edwards's (2007) study, which found that CMNC subsidiaries in the UK adopted localised performance appraisal practices and transferred them to the HQ. This can be explained by their motives to learn advanced management practices in their first few years of establishing their business in the UK. The reason for the difference in these findings is explained in Section 7.2.

The two main logics and four sub-logics with their different forms of control played a role in shaping the orientations of HRM practices; however, to understand these orientations, the section below offers a better conceptualisation.

7.1.3. Local-Centred Hybridity and Home-Centred Hybridity: Dominance and Embracing

Although all four HRM practices in all cases were influenced by both home and local logics, the extent to which the local and home logics influenced the HRM practices differs between the LOS and HOS. As explained in the three findings chapters, Chapters 4, 5 and 6, local logics were more apparent in the LOS, and home logics were more prominent in the HOS, since HRM practices mirror the

historical and institutional setting in which they originate (Wood, Brewster, Demirbag and Brookes, 2014). Therefore, this variation in the influence of local logics and home logics can be explained by the institutional logics' notion of embedded agency (Seo and Creed, 2002; Battilana, 2006; Greenwood and Suddaby, 2006), in which "the interests, identities, values, and assumptions of individuals and organisations are embedded within prevailing institutional logics" (Thornton and Ocasio, 2008, p. 103). First, the high embeddedness of local logics in LOS and home logics in LOS led to the higher maintenance of their existing HRM practices (Reay and Hinings, 2009; Greenwood et al., 2011; Lu and Reay, 2016). Additionally, the subsidiary's degree of embeddedness in the local environment influences its management practices (DiMaggio and Powell, 1993).

Second, the representation of subsidiaries' social actors (local and expatriate) and the extent to which they have taken-for-granted views in HRM practices influence organisational practices (Björkman et al., 2007). Social actors carry their national cultural values, taken-for-granted practices and the logics in which they are embedded. Due to the high representation of local employees in LOS, and the high representation of expatriates in HOS, local isomorphism was more apparent in LOS, hence the localisation. In contrast, home isomorphism was stronger in HOS, hence the standardisation.

However, in all cases, HRM practices were influenced by both local and home logics and took some degree of local isomorphism and home isomorphism. Since HRM practices are influenced by more than one logic, they all took a hybrid

form (Tayeb, 1998; Chung et al., 2014). Although a hybridisation approach best explains IHRM orientations by blending localisation and standardisation across individual HRM practices, it still does not provide a deep understanding and explanation of the extent of the home logic and local logic influence (home country and host country). A better conceptualisation of the hybridisation of HRM practices requires understanding the form of multiple logics' existences and understanding the influence of the logics' cultural symbolic and material dimensions.

First, institutional logics recognise that institutions develop and change because of the interaction between both the material (structures and practices) and the cultural symbolic (ideation and meaning) dimensions (Thornton et al., 2012). Although some practices and logics might share the same underlying values in the local and home context (Lee and Lounsbury, 2015) (e.g. work-life balance, as explained in Section 7.1.2.2), their meaning (cultural symbolic dimension) could differ radically between the two institutional contexts. Therefore, some HRM practices (material dimension) were different in the two different contexts, namely subsidiaries and parent companies. The subsidiaries are faced with incompatible prescriptions from multiple institutional logics, local and home (Greenwood et al., 2011). A prime example is the incompatibility of organisational cultures between the subsidiaries and the parent companies due to the different values and meaning these two different corporation logics are holding.

The compatibility of organisational cultures is considered an important factor in influencing the transfer of management practices (Kedia and Bhagat, 1988; Taylor et al., 1996; Kostova, 1999). Each HRM practice is ingrained in organisational culture values. If the values and logics are compatible between the subsidiaries and parent companies, it will be easier to transfer the parent companies' practices, and it will be easier for the local social actors at the subsidiaries to understand and adopt them. However, when there is an incompatibility of logics, the transfer will be difficult for the parent companies. At the same time, it will be difficult for local subsidiaries to introduce localised practices because parent companies will not accept localised practices in order to maintain their control over the subsidiaries (Bartlett and Ghoshal, 1989), avoid their harmfulness (e.g. because they are not aligned with corporate values) and prevent local actors using opportunism tactics (Birkinshaw, 2000), as discussed in Chapter 5.

Reflecting on the logics' cultural symbolic and material dimensions, and logics' formal and informal forms of control, the logics' material dimension (regulation, structure and practices) explains the formal form of control, while the logics' cultural symbolic dimension (national and origination culture and political ideology) explains the informal form of control. The cultural symbolic dimension (informal forms of control) is embedded in and drives the introduction or the maintenance of the material dimension of logic (i.e. HRM practices) and vice versa. For example, as mentioned in Chapter 6, the parent company introduced many physical changes (e.g. building the R&D centre and workshop, and replacing old equipment) to subsidiaries. These physical objects

have been peripheral to the arguments in institutional logics, in which existing research focused on organisational structure and practices when discussing the logic's materiality dimension (Jones, Boxenbaum and Anthony, 2013), despite Friedland's (2013) extension of this dimension to include physical objects. This research brings attention to the importance of the logic's physical object, which was the starting point and a means for other material and symbolic changes, in terms of the subsidiary's structure and management practices, as explained in Chapter 6. Therefore, the influence of dimensions on each other cannot be separated: formal and informal forms of control simultaneously complement each other.

Second, previous research has shown that logics take a competing then a dominant form (Greenwood and Suddaby, 2006) or co-existing forms (Purdy and Gray, 2009; Reay and Hinings, 2009; Goodrick and Reay, 2011). However, this research showed that logics can co-exist and blend and simultaneously take some degree of dominance. According to Borum and Westenholz (1995), organisations can integrate elements of new institutional logics into their organisational practice and structure without entirely disrupting old ones. One example of this was the introduction of the bonus structure from the home logic (punishment and reward) into ManuCo 1 without disrupting their local performance appraisal. This research also showed that some incompatible logics in the same field can co-exist but are applied with different individuals. As mentioned in Chapter 5, an example of this is sending shaming emails to expatriates and not to locals and when expatriates adopted two different management styles when dealing with local and Chinese. Another example is

when local managers and expatriate managers in the same subsidiaries implement HRM practices differently. According to Lu and Reay (2016, p. 31), "when different actors draw on different institutional logics, the result can be one of institutional stabilities because the actions of both actors can be viewed as reasonable and appropriate to different audiences".

Based on the discussion above, HRM practices cannot be well explained using only the hybrid approach, as described in both the localisation-standardisation perspective, "hybridisation" (Tayeb, 1998; Chung et al., 2014) and the institutional logics perspective, "hybrid practice" (Pache and Santos, 2010; Smets, Morris and Greenwood, 2012; Smets and Jarzabkowski, 2013; Mair, Mayer and Lutz, 2015). When studying HRM, which is a highly context-sensitive phenomenon, a consideration of both perspectives, localisation-standardisation and institutional logics, is crucial. Therefore, HRM orientation is better explained through the influence of the logics' cultural symbolic and material dimensions and the forms of existence of multiple logics, at the same time-considering the extent of the localisation and standardisation. Hence, this research further conceptualises the hybridisation approach as local-centred hybridity and home-centred hybridity. This means that the original, main and mature logic still dominates in subsidiaries, but subsidiaries also embrace some practices from the new and emerging logic (local or home logic).

This part of the research answered the first research question*:* To what extent are the orientations of the HRM practices in CMNC subsidiaries in the UK, both Chinese origin and British origin, explained by the localisation and

standardisation framework? Although it contributes to building and expanding the hybridisation approach into different forms, the mechanism in which these forms are shaped and their dynamicity needs to be unpacked. Since institutional and social actors are influenced by and carry these logics, it is necessary to understand how they respond to multiple logics and how they use these logics to navigate and manage institutional complexity. This is discussed in the following section.

7.2. DYNAMICITY OF THE ORIENTATIONS OF HRM PRACTICES

MNC subsidiaries are challenged with multiple prescriptions arising from different institutional logics (Kraatz and Block, 2008; Greenwood et al., 2011). LOS and HOS are faced with multiple logics; there is variation in how actors perceive these logics as incompatible (Kraatz and Block, 2008; Greenwood et al., 2011; Thornton et al., 2012). Therefore, what actually shape these HRM practices is how the actors (institutional and social) interpret, respond to and use these logics. This section of the discussion answers the second research question.

Q2: How do institutional actors and subsidiary social actors influence the orientations of HRM practices in CMNC subsidiaries in the UK when navigating institutional complexity caused by multiple institutional logics and dependency to gain legitimacy?

To explore the second research question, three subquestions were developed:

a. What forms of response to institutional complexity do institutional actors and subsidiary social actors adopt and why?
b. What mechanisms of control, associated with their forms of response, do actors exert to influence the HRM practices' orientations?
c. What are the institutional actors and subsidiary social actors' sources of control and sources of agency that they use to influence the orientations of the subsidiaries' HRM practices?

7.2.1. Change in Response and Control: Acquiescence and Manipulation

Navigating institutional complexity entails a watchful balancing of resources, interests and responses to secure legitimacy from different sources and ensure subsidiaries' survival (Vermeulen et al., 2016). According to the findings presented in Chapter 5, the response of the parent companies to institutional complexity is one of acquiescence. Acquiescence is one of the strategic organisational responses to institutional complexity developed by Oliver (1991). It takes alternative forms, including habit, imitation and compliance. The acquiescence response is explained in the form of compliance, which is defined as "conscious obedience to or incorporation of values, norms, or institutional requirements" (Oliver, 1991, p. 152).

The parent company adopted an acquiescence response towards the pressure they received from local institutional and social actors. This pressure was in the

form of two mechanisms of control: first, coercive compliance, in which the parent companies should comply with the host-country employment rules and regulation; second, noncoercive compliance, which is accepting and complying with norms of the host country. When the parent companies request changes that contradict the local logic, the subsidiaries' social actors will interpret the situation and use this contradiction to exercise compliance pressure. Therefore, the subsidiaries' social actors were able to maintain and introduce localised practices and, at the same time, reject standardised practices and deinstitutionalise some others. This resulted in the parent company exercising less control and increasing the level of localisation.

In contrast, the findings presented in Chapter 6 demonstrate another form of response that the parent company adopted, namely manipulative. According to Oliver (1991, p. 157), manipulation is defined as "the purposeful and opportunistic attempt to co-opt, influence, or control institutional pressures and evaluations". In these cases, a control and dominance tactic of manipulation response was used. This consists of specific efforts to establish power and dominance over the external actors or logics and apply pressure on the organisation (Oliver, 1991). The parent companies used two different mechanisms. The first of these was to increase business integration. According to institutional logics, this is called structural overlap, which "occurs when individual roles and organisational structures and functions that were previously distinct are forced into association" (Thornton and Ocasio, 2008, p. 116). This is particularly true in ManuCo 1 and ManuCo 2 because mergers and

acquisitions are examples of structural overlap in which a change in institutional logics can trigger and guide the subsidiaries.

Second, the parent companies introduced changes to the subsidiaries' structure. Many changes were introduced and, to some extent, this was caused by the increase in business integration. These changes varied from major changes such as restructuring subsidiaries, redundancies and also forcing MDs to resign, and other changes in the representation of locals and expatriates in the subsidiaries, particularly in senior positions. However, one of the most interesting findings is that two positions were assigned to a local employee, one in the subsidiary and one in the parent company organisational charts. This can be termed a hybrid position, so when individuals are exposed to and engage in different conflicting logics and practices, these two positions will motivate them to find a way for logics or practices to co-exist. In both control mechanisms (i.e. increased business integration and changes to subsidiary structure), the parent company used more forms of formalised and centralised control. The consequence of centralisation is the standardisation of organisational practices, and a reduction in the complexity to which they are subjected. Meyer, Scott and Strang (1987, p. 190) note that "the environment becomes more centralised but also more unified. The organisational rules become clearer, better specified, more uniform and integrated than before".

These structural and material changes (i.e. increased business integration and the changes to subsidiary structure) were the means for the parent companies to bring about some cultural changes as well. Implementing these changes required

increasing the expatriates' representation, particularly in senior positions, replacing locals with expatriates and increasing the social interaction between locals and expatriates. Therefore, the influence of the expatriates' mindset as a mechanism of control increased (Zhu et al., 2014; Zhu and Jack, 2017), leading to the transfer and adoption of some Chinese management and HRM practices. Hence, parent-company control is not only direct or top-down, but there is a bottom-up influence that is very evident and strongly influenced by expatriates' agency, particularly when it has a political dimension. Although these transferred practices were not aligned with the local logics, local management had no choice but to accept them and, in some cases, this involved negotiation and compromise. This resulted in the parent company exercising more control and increasing the level of standardisation.

However, to understand and explain why and when the parent companies and social actors adopt the different forms of response and mechanisms of control, it is necessary to understand what institutional and social actors are trying to achieve by examining their interests.

7.2.2. Change in Interest: External Legitimacy and Internal Legitimacy

Actors' logics "define the ends and shape the means by which interests are determined and pursued" (Vermeulen, Ansari and Lounsbury, 2017 p. 37). Both responses of the parent companies were essential to manage multiple institutional logics, avoid conflict and meet the parent companies' interests, that is, legitimacy. However, both responses were aimed at a different forms of legitimacy and resulted in different outcomes. This research theorises and

contextualises legitimacy as external and internal. The parent companies adopted the acquiescence response, precisely the compliance tactic, which was essential to meet their various interests, mainly gaining legitimacy in the host country. This demonstrates an "external legitimacy", in which their subsidiaries will be legitimised in the host country, but that will not necessarily influence the parent company internally. Thus, external legitimacy required the subsidiaries to comply with the host country logics, including regulations and cultural norms. Parent companies need to increase their legitimacy by aligning their HRM practices with the expectations of the environment (Suchman, 1995; Heizmann and Fox, 2019) that are represented in the institutional logic. Therefore, institutional logics are considered a source of legitimacy (Seo and Creed, 2002).

From the perspective of local social actors, "external legitimacy" is also considered their main interest since they can maintain and secure "local legitimacy" by maintaining or introducing localised practices. Subsidiaries' local social actors were aware that the parent companies' interest in gaining external legitimacy included maintaining reputation, achieving investment motives and gaining prestige. Therefore, the compliance pressure that local social actors used took on more of a controlling, opportunistic and manipulative form, and they exploited any institutional logic contradictions to further their interests (Fligstein, 1997). When local logics contradict home logics, this prevents the parent companies from transferring their HRM and working management practices. In essence, local logics were more prevailing and dominant. Thus, the level of localisation was higher, and the parent companies had to exercise less control.

When organisations face incompatible prescriptions or requirements, they are certain to prioritise some interests at the expense of others (Greenwood et al., 2011). However, with time, the interests of the parent companies and the prioritisation of their interests change, as discussed in Chapter 6. The main priority and interests of the parent companies at the beginning of their investment in the UK were gaining external legitimacy. However, a new form of interest appears, which focuses on building "internal legitimacy" between the parent companies and the subsidiaries. When a new form of legitimacy emerges, it leads to a decline of the dominance logic (Thornton and Ocasio, 1999). In this case, it was the decline of local logics dominance and the gradual co-existence and dominance of home logics. This change was triggered by the fact that the parent companies were losing control over their subsidiaries. One reason is that the subsidiaries' management did not meet the parent company interests; instead, they were meeting their own interests, particularly in LOS. Furthermore, when local directors and employees in the HOS started to strongly embed local logic and practices, this caused some conflicts with expatriates. According to Nohria and Ghoshal (1994, p. 492), "the local interests of the subsidiaries may not always be aligned with those of the headquarters or the MNC". In both situations, the local logic was dominant, and the home logic was peripheral.

Simply put, when actors in subsidiaries play by the "rules of their game" and break the rules of the other actor's game (the parent company), it means that the latter's expectations and interests will not be met (Purdy and Gray, 2009). This causes tension and conflict that stimulate the parent companies to envision and pursue institutional change (Seo and Creed, 2002; Reay and Hinings, 2005;

Lounsbury, 2007) and respond in some cases with dramatic changes (Garud and Tharchen, 2016). The response is therefore not expected to be sustained for an extended period of time, notably when it includes different actors with different and conflicting logics and interests. Consequently, the parent companies adopt a manipulative response using a control tactic, the aim of which is to introduce a number of major changes, as discussed in Chapter 6 and Section 7.2.1. These changes are necessary to build shared interest by operationally and socially integrating and create a shared organisational culture and identity (Battilana and Dorado, 2010) to prevent the organisation from breaking apart. However, ManuCo 2's parent company failed to pursue this, which resulted in the restructuring of the subsidiary. With these changes, home logic became more prevalent and dominant. Thus, the standardisation was higher, and the parent companies exercised more control.

The subsidiaries' social actors' acceptance and adoption of the standardised practices were crucial to survival (DiMaggio and Powell, 1983; Tempel and Walgenbach, 2007). Doing so helped them maintain their interests (e.g. power, trust and a strong relationship with the parent company) and collective interests in the form of continued support from the parent, which helps continue building the subsidiary and retaining jobs. Their interest in accepting and adopting the standardised practices can be termed "home legitimacy", which ensures legitimacy with the parent companies.

This section explains "how" the interests change and "how" this influences the responses of the parent companies and subsidiaries' social actors towards each

other's pressures and conflicting logics. Nevertheless, to further understand the changes in the actors' interests, why they have changed and might keep changing, it is necessary to understand what actors depend on to achieve their interests.

7.2.3. Change in Dependency: Interdependency and Power Dynamics

Home logics' interests are represented in gaining external legitimacy, including maintaining reputation, achieving investment motives also gaining prestige and gaining internal legitimacy. According to Wilkinson et al. (2014), MNCs from EMs face some common challenges: a shortage of international managerial expertise, lack of critical technologies, a knowledge gap and poor image. Achieving these interests is dependent on compliance with local logic, the host country state logic and local corporation logic. For the parent company to successfully comply with these logics, they depend on local employees' knowledge of local laws and regulations and of local norms and culture. They also depend on the subsidiary's local and European employees for their rare technical and management expertise and understanding of the market in order to fulfil their interests in achieving their investment motives. According to Fan et al. (2013), CMNCs facilitate their subsidiaries' operations by depending on host-country nationals. In this research, this form of dependency is termed "logics dependency".

The different sources that the parent companies depend on are owned by the subsidiaries. They are necessary for the parent companies to achieve their interests, particularly in the first few years of the acquisition and establishment

of the subsidiaries, as they lack knowledge of the market and regulations and technical expertise. As discussed in Chapter 5, these are also considered sources of control for the subsidiaries' social actors. The subsidiaries can use their resources to prevent the transfer of the parent company's practices. Another source of control that the subsidiaries' social actors ensure that they gain is interpersonal *guanxi*. Subsidiaries' social actors spend time and effort building a strong relationship and gaining the trust of the parent companies' management and expatriates. The parent companies and expatriates start to rely on those local individuals who were successful in building *guanxi* when making a number of decisions, including the localisation and standardisation of HRM practices. *Guanxi* is an interpersonal network in which individuals are embedded with an interactive relationship and exchanges between and among them (Wang and Wang, 2002; Lee and Dawes, 2005). It shows how much influence individuals can impose on related others (Yang, 1998). In China, cultural norms (i.e. *guanxi*) can play a more critical role than regulations in managing subsidiaries' operations and practices (Peng et al., 2008). Therefore, in the Chinese context, *guanxi* is considered an essential source of control and power.

Since the parent companies' control is one of the most significant factors influencing the subsidiaries' HRM practices, their level of dependency on their subsidiaries will determine the level of control they can exercise over their subsidiaries. From a control standpoint, resource dependence theory implies that the more the subsidiary is dependent on its HQ for resources, the stronger the latter's control of the subsidiary (Chiang et al., 2017). In comparison, institutional theory implies that parent companies and their overseas subsidiaries

are faced with different sets of institutional pressures that are expected to influence which practices are more appropriate in a particular institutional setting (Chiang et al., 2017). However, what might be appropriate in some cases could be subjected to and dictated by dependency rather than logic of appropriateness. Therefore, the greater the dependency of the parent companies on the subsidiaries, the less control they can exercise and the greater the influence and dominance of the local logic, leading to more localisation of the subsidiaries' HRM practices**.**

Yet, the research findings show that the more time the parent companies' subsidiaries spend in the host country, the more they acquire expertise and knowledge about the local environment and the less they depend on the subsidiaries. Consequently, the subsidiaries gradually lose some of their sources of control over the parent companies, leading the control to start moving towards the parent company. This is the reason why the parent companies were able to change their response from acquiescence to manipulation. As mentioned in Section 7.2.2, the subsidiaries' social actors accept the changes that increased control from the parent companies. At that stage, they were aware that they did not have the same sources of control (less dependency) to reject these changes. According to Siebers et al. (2015), local senior management persist with their parent companies' inappropriate centralised approach because they realise that they are powerless. Interestingly, Siebers et al.'s (2015) study was conducted on the DMNCs operating in China, in contrast to this study.

Therefore, when local social actors realised that they did not possess the same sources of control or that they possessed fewer sources of control, their interests changed from gaining and maintaining local legitimacy to maintaining a good relationship, *guanxi*, and survival. *Guanxi* was a source of power and control for subsidiaries' social actors when it was supported by other sources of control (e.g. technical expertise). However, when subsidiaries' social actors have fewer sources of control, *guanxi* becomes the parent companies' source of control. Parent companies were aware that the subsidiaries' social actors need to maintain this relationship in order to ensure continued support from the parent companies, and the latter took advantage of that. Maintaining this relationship was manifested by subsidiaries' local social actors accepting and supporting the imposed practices from the parent company. According to Yang (1998), *guanxi* reflects not only how much influence an individual can impose on related others, but also how much an individual can be influenced by others. This research shows that *guanxi* has a two-way influence; however, the direction of its influence and when it is considered a source of control or power depends on who has other and more sources of control.

In addition to depending on *guanxi*, subsidiaries also depended heavily on parent companies' physical resources. These resources (financial) were considered a source of control and used as a control mechanism by the parent companies, which allowed them to introduce and transfer standardised HRM practices. Although the subsidiaries depend on the parent companies' resources, the parent companies depend on the Chinese state's resources. This demonstrates what this research terms a "chain of logic dependencies". This dependency chain results

from logic dependency: a chain of logic influence that moves from the Chinese state to the subsidiaries through the parent company. According to Greenwood, Oliver, Suddaby and Sahlin (2008), logic at one level influences other levels. A clear example is communist values: there was strong evidence of these in the subsidiaries' HRM practices and expatriates' management practices. These different resources that the subsidiaries depend on led to more influences and dominance of the home logic, thereby giving the parent companies and expatriates more power to exercise control and standardise the subsidiaries' practices.

The above discussion made a clear link between legitimacy "interest" and dependency "source of control or power". From the institutional perspective, legitimacy is considered as self-serving. However, as mentioned in Chapter 2, the sources of agency and power are still not well recognised in the institutional logics perspective (e.g. Lawrence, 2008; Munir, 2015; Rego and Steger, 2019), and this perspective is not capable of strong theorising. Therefore, power and interests within MNCs, and particularly in IHRM, have barely been addressed and have not been sufficiently explored by institutionalist authors. Consequently, it was essential to complement institutional logic perspectives by incorporating power as a source of agency formed by resource dependency (Casciaro and Piskorski, 2005).

Resource dependence theory has barely been used in IHRM research (Luo and Zhang, 2016), nor has it been combined with institutional logics in previous IHRM research. Resource dependence theory argues that power is centred

around the control of resources that are critical to the organisations (Pfeffer and Salancik, 1977), and under this theory, resources and power are interconnected and explain the responses of actors. The sources of the powers identified in the research include physical resources, expertise, information, support (Clegg et al., 2006; Pfeffer, 1992), host country regulations (Willmott, 2015) and culture and norms (Swidler, 1986; DiMaggio, 1997). Interpersonal relationships (*guanxi*) are also considered sources of power. These sources were used by different actors. According to Pfeffer (1992) and Gehman, Lounsbury and Greenwood (2016), power becomes manifest when actors use their sources of control or power as a mechanism of control or strategy to achieve their interests. Their interests are driven by the prevailing institutional logics in which these actors are embedded. Therefore, actors' sources of power can stream the influence of institutional logics into the subsidiaries' HRM practices. Some actors at some point in time were more powerful than others according to their dependency level. Therefore, their choices of responses to institutional complexity and to the pressure of standardisation and localisation reflect their interests and are also conditioned by those who own sources of control or power.

By explaining the change in parent companies' responses, this research also highlights the different forms of response that subsidiaries' social actors adopted, both locals and expatriates. This needs to be further explained by focusing on their role and agency in shaping the orientations of the subsidiaries HRM practices.

7.2.4. Change in Role and Agency: Social Actors as Rejecters and Adopters

Local management and HR managers influence the design of subsidiaries' HRM policies and practices based on their perceptions of local HRM systems, their taken-for-granted views, and through their position in the decision-making process (Schuler et al., 1993; Shen et al., 2005; Björkman et al., 2007; Chung et al., 2012). They tend to align their practices with the local institutional environment's expectations to maintain legitimacy (Suchman, 1995). This is consistent with the findings presented in Chapter 5. Local managers and employees acted as carriers of their local logics, norms and culture, and despite their low or high representation in LOS and HOS, they use their local logics to maintain and introduce localised practices and reject standardised ones.

The same applies to expatriates. The findings of this research showed that they play a significant role in transferring the parent company's HRM practices, and they seek to maintain standardised practices and Chinese culture. Similar to the local actors, they possess established institutionalised views, and are considered to be "carriers" who act as significant control mechanisms for their parent company (Zhu et al., 2014; Zhu and Jack, 2017). Over time, they have transferred some of the parent-company practices and embed essential values in the subsidiaries. This research found that the expatriate parochialism mindset causes them to firmly maintain their Chinese working practices and management style. As expatriates are also members of the CCP, they are embedded in communist values and follow the state and parent companies' requirements unquestioningly and demonstrate a high level of loyalty to maintain their social status and power in their parent companies.

Both locals and expatriates were performing their main roles as “carriers” who want to maintain their local/home culture and practices. They are driven by self-interest but are under the influence of institutional logics (Tyskbo, 2021). Thus, whenever they face pressure or requests that contradict their logic’s interests, they reject them using a different mechanism, as mentioned in the findings presented in Chapter 5 and Chapter 6. Therefore, their agency of rejecting or disrupting practices to maintain their existing practices and their agency to introduce new practices are derived from and driven by their “logic-embeddedness interest” as termed in this research. Their embeddedness is the driver for actors to interpret these new practices and logics as blockers preventing them from achieving their own interests. Therefore, embeddedness gives them a source of agency through the interpretation of the situation. Zilber (2002, 2013) refers to individuals’ interpretations as part of the institutional agency. This research explains how the interpretation (as sources of agency) is driven in the first place by logic-embeddedness interest.

However, with time and with the changes in the structure and the business and social integration, locals and expatriates became more exposed and embedded in multiple conflicting logics (Emirbayer and Mische, 1998). Expatriates became more integrated with local culture, norms and working practices. They preferred and adopted some local practices and favoured working in the UK because they had less pressure and work for fewer hours. They built a strong relationship with the locals, understood the difference between them, and became more open-minded. Consequently, expatriates began to question and assess the appropriateness of the parent companies’ practices and requests to the

subsidiaries instead of blindly following and implementing them. They shared their concerns with their local colleagues and local management. Their interests became to maintain their good relationship with the locals and avoid any conflict or problems that the parent companies might cause. Thus, they indirectly and maybe unintentionally helped local management to reject some of the standardised practices. Therefore, their role as parent companies' "means of control" changed; instead, they started contributing to maintaining the localisation of the subsidiaries.

The same applies to locals: they spent a lot of time communicating, visiting and socialising with expatriates and parent companies' management. They adopted different management and cultural practices – *guanxi*, *mianzi* and *renqing* – and used a very Chinese mode of communication, WeChat. In doing so, they innovatively manipulated social relationships by diffusion of cultural symbols and practices (*guanxi*) from one institutional logic to another for their benefit and interests. The findings also show that some local managers preferred Chinese practices and chose to hire local Chinese employees. In contrast, others realised that they did not have sources of power and accepted the fact they needed to play by the parent companies' rules and accommodate the parent companies' requirements. They adopted and introduced some standardised HRM practices to maintain their power and status even when they conflicted with their logic (Greenwood et al., 2011; Thornton et al., 2012). Therefore, they contributed to the standardisation of HRM practices. This also explains the partial autonomy and agency of the local management because their actions are governed by different logics (Smets et al., 2015).

Expatriates and locals stopped being rejecters of each other's logics and practices and became adopters. Embeddedness in multiple logics influences the actors' interpretation because they are exposed to or carry more than one logic and, in some cases, conflicting logics. This could result in multiple interpretations, but the interpretation that will be enacted as an agency is dependent on the social actors' interests in a particular situation. As discussed in Section 7.2.2, the interests of actors are changing and are conditioned by the actor who owns sources of power, "resource dependency", and this is what keeps changing the rules of the game. Therefore, social actors, locals and expatriates, carry multiple interpretations of logics according to their changing interests and dependency. These interpretations will ultimately define their role (rejectors versus adopters) and determine the level of parent companies' control and the orientations of the HRM practices.

According to the discussion in this section (7.2.1 to 7.2.4), there were changes in the institutional and social actors' responses to institutional complexity, the level of control and the level of localisation and standardisation of HRM practices. This was explained by the changes in those actors' interests and dependency, leading to the dominance of the logic associated with the actors who hold the sources of power. Complementing the institutional explanation with resource dependence theory contributes to unpacking the actors' sources of agency and power, which have been neglected in both the institutional analytical and empirical literature (Abdelnour et al., 2017). Combining institutional logics and resource dependence theory not only explains the variations in the levels of

localisation and standardisation across the cases but also explains the dynamicity of the orientations of HRM practices, which offers further theorisation.

One of the most interesting findings is that a source of control (e.g. *guanxi*) can be turned into an interest (maintaining *guanxi*), or an interest, once it is achieved (e.g. parent companies: external legitimacy), can move from being an end to a means (a source of control or power). In other words, an actor's interest can be considered to be a facilitator to gain the source of control or power that was once owned by another actor, where the first actor used to depend on that other actor to achieve their interests. For example, while gaining external legitimacy (interest), the parent companies acquired technical expertise and knowledge about the host environment (source of control of the subsidiaries) that once constrained parent companies' control. Although parent companies' control is important, in some situations, other types of interests were more important for the parent companies, particularly when achieving their interests depends on the dominance of other actors holding conflicting logics, as discussed in Chapter 5.

Finally, according to the actors' two different responses, the research highlighted power dynamics and how the exercising of control or power can move from subsidiaries to the parent companies. Resource dependence theory has been used to examine power dynamics among parent companies and their overseas subsidiaries (Ghoshal and Nohria, 1989; Ambos and Schlegelmilch, 2007; Johnston and Menguc, 2007). However, the research showed that actors from the home country or host country depend on each other for different resources (interdependence) and the extent to which home- or host-country actors depend

on each other varies. Their dependency is interest-driven and in this research is termed “interest-oriented dependency”. Therefore, in the case of a high level of localisation, the form of dependency can be termed “local-centric interdependency”. In contrast, in the case of a high level of standardisation, it is termed “home-centric interdependency”.

7.3. CHAPTER SUMMARY

This chapter discusses the findings outlined in Chapters 4, 5 and 6, concerning the localisation versus standardisation of HRM practices in CMNC subsidiaries in the UK and the implications for theory, and links the findings back to the literature. It uses the localisation and standardisation perspective, the institutional logics lens, and resource dependence theory.

This chapter is organised into two main sections. The first section discusses the centric hybridity forms of HRM practices’ orientations. To better understand the localisation and standardisation of the HRM practices in CMNC subsidiaries in the UK, the research identifies two main logics, local logic and home logic, each with their own sub-logics. It then explains the logics’ different forms of control, both formal and informal. The research demonstrates how HRM practices are influenced by these multiple logics, leading to hybrid forms and some degree of local and home isomorphism. It also focuses on material and cultural symbolic dimensions of logics and the form of the logics’ existence. The discussion in this section has led to further conceptualisation of the orientation of hybridisation towards local-centred hybridity and home-centred hybridity.

Section 2 discusses the dynamicity of HRM practices' orientations. It explains the changes in the institutional and social actors' responses to institutional complexity, the changes in the levels of and approaches to control and the level of localisation and standardisation of HRM practices. This is explained by the changes in those actors' interests, dependency and roles, leading to the dominance of the logic associated with the actors who hold the sources of power. Complementing the institutional explanation with the resource dependence perspective contributes to an unpacking of the actors' sources of agency and power and explains the dynamicity of HRM practices' orientations, which offers further theorisation.

CHAPTER 8: CONCLUSION

8.0. INTRODUCTION

The last two decades have witnessed a rapid expansion of CMNCs into the global arena. Despite its significance in the global economy, research into how CMNCs manage their international operations in DMs, particularly concerning HRM practices, is relatively limited (Cooke et al., 2019). Empirical and theoretical development in HRM research into CMNCs remains patchy (Cooke et al., 2019) and lags behind developments in research into MNCs from DMs (e.g. Schuler et al., 1993; Tayeb, 1998; Ferner and Edwards, 2004; Ahlvik and Björkman, 2015). The aim of this thesis, therefore, was to study how HRM practices are shaped in CMNC subsidiaries in the UK in terms of localisation and standardisation pressure.

The thesis seeks to enhance the understanding and conceptualisations of the localisation and standardisation orientations of subsidiaries' HRM practices, going beyond the traditional global standardisation–localisation dichotomy. The research therefore focuses on exploring the extent to which the orientations of the HRM practices in CMNC subsidiaries in the UK, both Chinese origin and British origin, can be explained by the current development in the localisation and standardisation framework. It also explores and explains how institutional actors and subsidiary social actors influence the orientations of HRM practices in CMNC subsidiaries in the UK when navigating institutional complexity caused by incompatible institutional logics and dependency while aiming to maintain or gain legitimacy.

This research achieved its aims and answered the research questions with a multiple-case study design consisting of four CMNC subsidiaries operating in the UK (ManuCo 1, ManuCo 2, TeleCo 1 and TeleCo 2). Semi-structured interviews were conducted with 48 participants, including senior and middle managers, both local and expatriates, HR managers and non-managerial employees, both local and expatriates. This research used a thematic analysis strategy (Braun and Clark, 2006; Clarke and Braun, 2018) combined with Charmaz's constructivist GTM coding approach (Bryant and Charmaz, 2019) and Eisenhardt's (1989) within-case and cross-case analysis. The findings were then presented in three chapters and discussed using the institutional logics lens and resource dependence theory.

This chapter brings together the findings of the study and summarises the theoretical and empirical contributions of the thesis. It demonstrates how it deepens, refines, extends and challenges existing theories and conclusions concerning the IHRM localisation and standardisation perspective and institutional theory. Finally, it highlights some practical implications, limitations of the study and possible directions for future research.

8.1. SUMMARY OF THE RESEARCH FINDINGS AND CONTRIBUTIONS

Building upon the localisation and standardisation perspective (Ferner, 1997; Pudelko and Harzing, 2007; Almond, 2011; Chung et al., 2014; Farndale et al., 2017), institutional logics (Friedland and Alford, 1991; Thornton and Ocasio,

1999), and resource dependence theory (Pfeffer and Salancik, 1977) the thesis makes a number of contributions to different streams of research.

8.1.1. Theoretical Contributions to Localisation and Standardisation Perspective

First, theoretically, this research advances the conceptualisation of the IHRM localisation and standardisation framework. The majority of existing research has centred around measuring the degree of localisation and standardisation, which has resulted in a general understanding of the standardisation and localisation orientations of HRM practices, and has been criticised for being oversimplistic (Brewster, Mayrhofer and Cooke, 2015; Chiang et al., 2017; Zhu and Warner, 2019; Cooke et al., 2020). Although the hybridisation approach best explains IHRM orientation (Tayeb, 1998; Chung et al., 2014; Adams et al., 2017), which overcomes misleading black-and-white tendencies (Quintanilla and Ferner, 2003), this grey area of "hybridisation" is still complicated. Therefore, these orientations are not comprehensive enough to explain the reality and complexity of the design of the subsidiaries' HRM practices, which is far more nuanced and complex.

This research addresses this gap by extending the localisation and standardisation perspective by uncovering different forms of hybridisation. It closely analysed each HRM practices' orientation rather than the whole HRM approach and went beyond comparing practices, similarities and differences to reveal a unique hybridity approach. Using an institutional logics lens helped to better explain the extent of the home-country and host-country influence on the

localisation and standardisation of the subsidiaries' HRM practices. Two central logics explained this influence: local logic and its sub-logics (local state logic and local corporation logic), and home logic and its sub-logics (parent company corporation logic and home state logic). Subsidiaries' HRM practices were influenced by multiple logics, both local and home logics, leading to some degree of local isomorphism and home isomorphism. The multiple logics co-existed in some HRM practices, and, simultaneously, some logics were more dominant than others. Therefore, the influence on the HRM practices was not explained by the hybrid approach only (Tayeb, 1998; Smets and Jarzabkowski, 2013; Chung et al., 2014; Mair et al., 2015); rather, this was linked to the form of logic existence and the extent of its dominance, which explains the extent of the influence of the home-country logics and host-country logics on the localisation and standardisation of the subsidiaries' HRM practices. Consequently, the findings expand the hybridisation approach by positing two centric hybridity forms: local-centred hybridity and home-centred hybridity. This thesis advances the localisation and standardisation perspective, including Pudelko and Harzing's (2007, 2008) theoretical perspective of MNCs' golden triangle. Theoretically and practically, it offers a more comprehensive and thorough solution to the standardisation versus localisation debate of HRM practices because it also identifies and explains the mechanism by which these forms are shaped.

The second theoretical contribution extends the localisation and standardisation perspective by revealing and unpacking the dynamicity dimension. This helps overcome the static view and explanation of the orientation of HRM practices in

existing empirical studies and the lack of adequate acknowledgement of the more dynamic nature of the influence of the different actors (Welch and Björkman, 2014; Brewster et al., 2016). Ignoring dynamicity is problematic when studying MNCs from EMs because of the developing nature of their management practices (Zhu, 2019). Therefore, this research paid greater attention to the complex processes of forming the orientations of the HRM practices in the subsidiaries.

This research extends our understanding of the dynamicity of localisation and standardisation orientations of HRM practices from different perspectives. First, this is achieved by demonstrating the changes in and dynamism of actors' responses to institutional complexity; for example, parent companies' responses changed from acquiescence to manipulation, and the social actors' responses and roles changed from rejecters to adopters. This research engages with Oliver's (1991) study of responses to institutional complexity by demonstrating responses of acquiescence and manipulation. Although previous research (e.g. Ferner et al., 2005; Kostova and Roth, 2002; Boon, Paauwe, Boselie and Hartog, 2009; Clark and Lengnick-Hall, 2012) has drawn on Oliver's (1991) work, the change in and the dynamicity of the responses have not been sufficiently explored. This research extends and elaborates on Oliver's (1991) study of responses to institutional pressure by understanding and explaining why and when the parent companies and social actors adopt different forms of response and mechanisms of control.

Second, it extends our understanding of the dynamicity of the orientations of HRM practices by demonstrating the changes in the level of control actors exercise over other actors. The research identifies and explains the control mechanisms that social actors use to reject the parent companies' pressure and decrease their control. These mechanisms are coercive compliance (local state logic) and noncoercive compliance (local corporation logic). It then identifies and explains the control mechanism that the parent companies use to increase their control, namely increased business integration and changes in the subsidiaries' structure (parent company corporation logic). Finally, it extends our understanding of the dynamicity of the orientation of HRM by elaborating the change in the institutional logics' material and cultural symbolic dimensions and how they are considered underlying forces of the formal and informal forms of control. Moreover, these dimensions help demonstrate that these formal and informal forms of control lead to each other and complement each other. This also contributes to the control mechanisms in MNC literature and IHRM literature (Quintanilla, 2002; Gomez and Sanchez, 2005; Festing and Eidems, 2011; Chiang et al., 2017; Edwards et al., 2020) in two ways. First, it extends the approach of control but rather than limiting these to either centralised control subsidiaries (Chang et al., 2009) or a light-touch approach (Liu and Woywode, 2013), it demonstrates the changing levels of and approaches to control and expands that by identifying and elaborating on sources of control. Second, it broadens the current explanation of how the level of control and choices of control mechanisms are influenced by and associated with interests driven by both logics embeddedness and dependency (sources of power), as explained further in the contribution section 8.1.2.

8.1.2. Theoretical Contributions to Institutional Theory

The third contribution of this research is refining the role of interests in institutional logics and IHRM literature. This research shows that institutional and social actors' responses to institutional complexity and standardisation and localisation pressure are found to be driven by their interests. It also demonstrates how interests are dynamic (i.e. over time, actors' interests and the prioritisation of their interests change) and how they are driven and conditioned by resource dependency, in other words, by the actors who hold the sources of control or power. Although power was underscored by Oliver (1991), its dynamics have been overlooked in most institutional studies of organisations (Lawrence, 2008; Munir, 2015; Rego and Steger, 2019). Therefore, as discussed in Chapter 7, complementing the institutional explanation with the resource dependence perspective was necessary to advance the understanding of institutional logics and demonstrate the dynamicity of HRM practices orientations.

This research demonstrates how the level of dependency changes over time and how interests change accordingly. This contributes to extending and refining the relationship between interest and dependency to "interest-oriented dependency", particularly when actors are embedded in multiple logics. This research finds that actors' multiple interpretations of which interest to achieve is determined and dictated by the logic associated with actors who hold the sources of power (dependency). Therefore, the research extends our understanding of what drives the actor's interpretation of multiple logics by not limiting their interpretation to logic embeddedness or logic appropriateness, but by also attributing it to "logic

dependency" as termed in this research, and a "chain of logic dependency", a top-down and bottom-up dependency chain of influence. This extends the contingency dimension of institutional logics. Moreover, the research elaborates and extends resource dependence theory in IHRM research, which is rarely used in IHRM research (Luo and Zhang, 2016), into local-centric interdependency, when local logic and localisation are more dominant, and home-centric interdependency, when the home logic and standardisation are more dominant.

Therefore, whenever the dependency changes, interests change and vice versa. Thus, responses change, and this determines the level of parent companies' control and subsidiaries social actors' autonomy, and therefore the subsidiaries' HRM practices' orientations. According to parent companies' different mechanisms of and approaches to control, this research raises some issues around the theoretical applicability of Perlmutter's (1969) typology of MNCs' IHRM strategies, particularly in a non-Anglo-Saxon context.

Fourth, the thesis contributes to an examination of actors' sources of agency and extends this through an institutional logics analysis, which has been neglected in both the institutional analytical and empirical literature (Abdelnour et al., 2017). Interests driven by logic embeddedness and interests driven by dependency are both sources of actors' agency. They are the sources of actors' interpretations of the multiple logics and dependency, which determine how they respond to institutional complexity. This research refines institutional logic by emphasising the dynamics of interest and dependency (power), which consistently change the rules of the game and the dominance of logics and actors. Therefore, it addresses

MNCs' interests and sources of power and agency, particularly in IHRM, which have hardly been addressed and have not been sufficiently explored by institutionalist authors (Lawrence, 2008; Rego and Steger, 2019; Munir, 2020; Geary and Nyiawung, 2021). It contributes to institutional logics theory and literature by deepening our understanding of how actors manage multiple logics (Greenwood and Suddaby, 2006; Purdy and Gray, 2009; Reay and Hinings, 2009; Goodrick and Reay, 2011). It explains when logics can be dominant or peripheral and when they can co-exist or blend together in HRM practices. Moreover, it shows that logics can co-exist and blend together and, at the same time, take some degree of dominance, but with embracing some symbolic or material aspects of the new or emerging conflicting logics.

In addition, this research finds ways in which institutional theory can be used to advance research on IHRM and MNCs and push institutional theory work forward, particularly through the use of institutional logics. Surprisingly, this theory has not been used in this research area (Xiao and Cooke, 2020) except for Tyskbo (2021), who studies talent management in MNCs. It advances theoretical and empirical development in the institutional theory-IHRM nexus, which has been criticised for being largely empirically descriptive (Najeeb, 2014). Moreover, it responds to scholars' calls for future studies to adopt a more nuanced approach to examine IHRM and investigate conditions under which hybrid models are developed in a particular context (Festing and Eidems, 2011; Budhwar et al., 2016; Zhu, 2019; Cooke et al., 2020).

8.1.3. Theoretical and Empirical Contributions to HRM in the Context of CMNCs

The application of context in conceptualisation and theorising in HRM has become crucial. Contextualisation is an important factor in the theoretical and empirical contributions of this research. This research overcomes the lack of contextualisation and weak theorising of HRM in CMNCs (Cooke, 2009; Thite et al., 2012; Jenkins and Delbridge, 2013; Siebers et al., 2015; Zheng, 2013; Brewster et al., 2016; Budhwar et al., 2017).

Although Gümüsay et al. (2020) argue that institutional logics can help develop context-sensitive findings and theories, the context itself provides a meaningful application of theory. Therefore, the fifth contribution of this research, by using this lens as explanatory leverage, is to existing studies focused on unpacking the notion of context in a less researched context (Brewster et al., 2016; Cooke, 2018), such as MNCs from EMs, particularly the Chinese context (Geary and Nyiawung, 2021). Notably, this IHRM literature has been mostly embedded in Western thinking and concepts.

With the help of these perspectives, this thesis theoretically acknowledges the unique elements of the context, different cultural norms, practices and logics of CMNCs. First, it advances the role of social relations in influencing HRM practices. The Chinese context and national cultural values, such as interpersonal *guanxi*, was represented in all the HRM practices, as described and explained in Chapter 4. Building *guanxi* is essential to gain trust and maintain a high status in the organisation; thus, *guanxi* was found to be a source of control and power. It

shows how much influence an actor can have over other actors and how much one can be influenced by others. This was demonstrated by how much one can depend on the other trusted people when making decisions, including the localisation and standardisation of HRM practices. This is one reason *guanxi* extended, to some extent, to the subsidiaries' local social actors and it became one of their main interests. They also adopted other cultural practices such as *mianzi* and *renqing* to maintain interpersonal ties with the parent company. Therefore, they innovatively and intentionally manipulated social relationships by diffusion of cultural symbols and practices (*guanxi*) from one institutional logic to another for their own benefit and interests. Part of maintaining this relationship was manifested by subsidiaries' local social actors accepting and supporting the practices imposed by the parent company and the latter accepting localised practices and understanding the subsidiaries' rejection of some standardised practices. Therefore, an understanding of the role of social relations in the Chinese context extends knowledge of the root causes of how and why social actors, locals and expatriates, influence HRM practices' orientations.

Second, this thesis acknowledges the strong political ideology embedded in HRM practices and contributes to an analysis and explanation of the political dimension influence of the Chinese state and its communist values in the subsidiaries' HRM practices. This dimension was largely ignored in the IHRM literature (Budhwar and Debrah, 2001; Wang and Wang, 2006; Mellahi, 2007; Cooke and Lin, 2012; Wilkinson et al., 2014), particularly in the context of MNCs from EMs (Luo and Zhang, 2016).

Therefore, studying this context, the CMNC context, by considering its' uniqueness in terms of strong cultural and political values, the strong influence and support from the Chinese government, their interests and motives and major focus on reputation, the mindset of the expatriate, and the dynamic and developing nature of their MNCs and management practices, helps to extend the localisation, standardisation and hybridisation perspectives of HRM practices. These were represented and indicated in Section 8.1.1 by advancing hybridisation by means of positing different forms of hybridity and also revealing how complicated and dynamic is the process of shaping the orientation of these HRM practices. Without emphasising the role of context, the different theoretical contributions presented above would not have been achieved.

Therefore, the sixth contribution of this research is to empirically extend and enhance the limited prior knowledge and gain a better understanding of HRM practices in MNC subsidiaries from EMs operating in DMs, namely CMNC subsidiaries in the UK. This area has remained underdeveloped to date, with fragmented explanations, and requires rigorous empirical studies in order to follow the continually changing nature of the institution and of subsidiaries' environments (Zhu, 2019). Although the research in this context supports the theoretical and empirical findings of previous research, it adds new insights to current research and challenges some dominant assumptions. The findings go against current dominant assumptions, which are that MNCs from EMs tend to model or re-export global best and Western practices to their subsidiaries instead of transferring home-country practices (Cooke, 2014; Mellahi et al., 2016). Traditionally, the country-of-origin effect of MNCs from EMs has been

underestimated compared with other factors (e.g. Gamble, 2003; Shen et al., 2005; Almond, 2011). Wilkinson et al. (2014) state that this effect does not appear to be very pronounced in the host-country subsidiaries. In the same vein, Zhang (2003) and Budhwar (2012) note that transferring their HRM practices to other countries would be very difficult. It could be argued that previous research came to these conclusions for the following reasons: first, the country-of-origin or ownership effect does not only manifest itself in explicit and direct forms and insufficient attention has been paid to the manifestation of implicit forms of the country-of-origin or ownership effect; second, there has been a lack of focus on the state's political dimension and role; and third, interest and power have not been incorporated in the analysis due to the traditional way of using institutional theory, and these have led to weak theorising, a lack of deep contextualisation and a lack of focus on actors from different levels.

By considering the influence of actors from different levels on IHRM practices, this research deepens the understanding of the orientations of subsidiaries' HRM practices. It responds to researchers' calls for studies that integrate and investigate the key actors from various levels (Cooke and Lin, 2012; Geppert and Dörrenbächer, 2014; Kostova and Hoenen, 2015; Björkman and Welch, 2015; Brewster et al., 2016; Budhwar et al., 2017). It also addresses the criticism of institutional theory that it concentrates mainly on the national level in isolation from the other levels (Quintanilla and Ferner, 2003).

Factoring mode of the establishment (industrial level) into the analysis advances and refines the concept of hybridisation. This research provides a convincing

explanation of the influence of the mode of establishment and overcomes its absence in contemporary IHRM research. It examined the influence of the logics associated with the subsidiaries' mode of establishment and its significant role in explaining the orientations of subsidiaries' HRM practices. This influence was investigated not only from the perspective of logic-embeddedness but also from the perspective of individual agency, represented in social carriers (local versus expatriate). Moreover, it considered the motives and interests of the parent company and the Chinese state of their mode of establishment. It therefore responds to Almond (2011), emphasising the necessity to consider what the decision-makers are trying to achieve instead of focusing implicitly on the country-of-origin or ownership effect.

Finally, by considering the actors from different levels, this research contributes to an understanding of the forms of interaction between the different actors, both social and non-social actors. In addition, it gives voice to multiple subsidiary actors by incorporating a non-managerial view to advance knowledge.

Overall, this research does justice to the empirical and theoretical findings and dominant assumptions of standardisation and localisation perspectives and advances and refines the implications of institutional theory in IHRM research.

8.2. PRACTICAL IMPLICATIONS

There is an increasing emphasis on the social impact of organisational research and its relevance to society, such as practitioners, policymakers and education. Researchers should ensure that research is carried out not only to make

theoretical contributions and create material for publication, but also to address the challenges that firms face and help them overcome these challenges (Schuler and Tarique, 2007). This research offers practical implications from managerial, policy and education perspectives.

From a managerial perspective, due to the cultural differences between British and Chinese employees, it is important for both to build a better understanding of each other's culture and allow time for all to adapt to each other's culture. This can be achieved by providing professional cross-cultural training programmes for all employees, with a particular focus on executives, and increasing social interaction, activities and integration. Also, to avoid any conflict caused by cultural differences or the pressure to standardise practices, local management can be creative and innovative in finding a way to align the local subsidiary's logic to the parent company's logic through shared interests. Another important implication is that the frequency and effectiveness of communication between locals and expatriates in the subsidiaries, and between the subsidiary and the parent company, should be improved. Although the Chinese firms demand frequent communication and reports from their subsidiaries, ensuring two-way communication from the parent-company side is crucial.

Moreover, the Chinese firms need to prepare themselves better prior to entering the UK or any other foreign market. This includes improving language skills (English in the case of the UK) and increasing cultural training by also learning from the experiences of other expatriates and other Chinese companies.

Moreover, it is essential for the parent companies to hire a local and experienced HRM team and provide them with more autonomy to make decisions around HRM issues, particularly in greenfield cases. Doing so will ensure real-time compliance with and mindfulness of the changing regulations and policies, particularly immigration policies. Having local employees in the HRM team will reduce conflict and discriminatory practices caused by a lack of understanding of the regulations and a lack of awareness of local culture. The parent companies need to consider inclusion and diversity policies in their UK subsidiaries, particularly greenfield subsidiaries.

In addition to this, the parent company should also find a balance between the representation of expatriates, local Chinese employees, and local managers and employees. The representation of expatriates and local Chinese employees is very high in greenfield subsidiaries, particularly the SOEs. Having such an imbalance could keep the company in a national mindset (Chinese) instead of a global one. Another implication of such representation is the dominance of the Chinese language in the business, which negatively affects the business and makes locals feel excluded from decision-making and different opportunities.

Since HRM practices relate to employees' culture and values, there is a high probability that the practices that conflict with employees' values will lead to a high level of stress (Raghuram, 2013). The above-mentioned points are critical to ensure the well-being of employees, reduce stress, improve productivity, decrease the turnover rate of local employees, and overcome the difficulty of Chinese adjustment in the UK.

From a policy perspective, it is essential that the UK consider streamlining and simplifying immigration policies in MNCs for the following reasons. First, transferring expatriates from the parent company to the subsidiaries is considered a long, complicated and challenging process. UK immigration is considered a barrier for some jobs for which the subsidiaries cannot obtain a sponsor licence. Therefore, it is not possible to transfer some workers with important expertise from the parent company to work in the subsidiaries if the job is not on the UK shortage occupations list. Second, the UK needs to increase its attractiveness to Chinese investments. One of the main reasons China invested in the UK in the past is that it was considered an open door to European the market. However, with the UK's exit from the EU and the challenges mentioned above, the UK might no longer be attractive enough for Chinese investment; therefore, one way to increase its attractiveness would be to simplify these policies and procedures.

In addition to reviewing immigration regulations, the practices of recruiting agencies need to be reassessed to prevent local Chinese workers who are on a rolling contract for many years from being exploited, and to ensure that these agencies are not taking advantage of the fact that the jobs market is saturated with Chinese workers and it is relatively hard to for Chinese workers to find jobs in the UK.

Finally, from an educational perspective, considering China is the second-largest economy and in view of the huge contribution of EMs to the global economy, it

is essential that the amount of content material relating to this context in the programmes and courses in higher education institutions is increased.

8.3. LIMITATIONS OF THE RESEARCH

While this research offers theoretical and practical contributions and has implications for IHRM and the institutional theory nexus, it is also necessary to acknowledge its limitations. First, there are practical limitations to the size and scope of the case studies. The research design of this study is based on four British subsidiaries of CMNCs, and it was limited to Chinese subsidiaries in one developed country (i.e. the UK). Including more cases and different countries would contribute to new theory development by examining how parent companies navigate institutional complexity in different contexts.

A second limitation includes the kind of firms that were accessed. It is acknowledged that this study was limited to two sectors only (i.e. IT and manufacturing). Other sectors, such as retail, might have different insights into the localisation and standardisation of subsidiaries' HRM practices. Many attempts were made to gain access to subsidiaries in other sectors, but they were unsuccessful.

Although the researcher was successful in obtaining access to some cases, it took approximately two months to obtain the final approval, as it was necessary to obtain the approval of top management and, in some cases, of HQ. As explained in Chapter 3, some negative responses were received as well: reasons varied from the sensitivity of the information and the time-consuming nature of the

undertaking to lack of interest (not valuing academic studies). Another reason was that some of the gatekeepers were sceptical about the researcher's role (as an outsider) (Johl and Renganathan, 2010), as the researcher was asked many times about the reason for studying Chinese firms. Finally, some firms did not respond despite follow-up attempts, while others had to contact HQ for approval, which was then denied. These responses were not surprising in the context of studying CMNCs (Cooke, 2009) and have also been documented by other researchers (e.g. Shen and Edwards, 2006; Fang, 2011).

This is particularly true with the home-origin subsidiaries (i.e. greenfield subsidiaries). It was not easy to gain access to greenfield subsidiaries as the Chinese managers who were approached declined the research request or did not reply. Some firms with negative responses were contacted again to clarify their concerns and ask them to reconsider access requests; some of these attempts were successful. Even when gaining access to the two greenfield subsidiaries, it was very difficult to interview the managing directors and senior expatriates in the two cases. In contrast, in local-origin subsidiaries (i.e. brownfield subsidiaries), access was less complex and was gained via a British contact, and the managing directors were interviewed.

In general, gaining access to Chinese companies proved to be a challenging task. In the case of leading Chinese firms, it was even more difficult and complicated, particularly as the researcher lacked *guanxi* with individuals from these firms. Nonetheless, the researcher overcame these challenges by adopting the strategies

mentioned in detail in Chapter 3 and communicating the issue with her supervisors and other experienced scholars to seek advice.

Although the thesis analysed four cases, access was gained to six cases. Two subsidiary cases did not fit the case study sample criteria and turned out to be inadequate. They were therefore were not considered in this research, even though some interviews had already been conducted. These two cases were POEs in the IT/telecommunications sector. It took almost a year to gain access to the first case. However, before gaining access to it, an interview was conducted with ex-employees. The interview indicated that the case was suitable. However, when access was obtained, interviews were arranged by an expatriate Chinese HR manager. The researcher found that the selected participants were not good informants. They provided very brief answers and were not able to answer other questions due to a lack of information and knowledge. The second case was a very successful Chinese company operating in the UK. However, the subsidiary in the UK is a US acquired company; therefore, during the interview, the discussion was around the UK subsidiary and the US parent company, which is considered to be the second HQ of the company. They barely dealt with the Chinese HQ. The researcher therefore felt that the case did not fit the criteria, and a decision was made to choose depth rather than breadth. Despite the number of cases, there was a large amount of collected data, and coding and analysis of the data were challenging in terms of time, effort and maintaining a rigorous approach while considering research quality during the analysis. Some of the issues mentioned in this section were

beyond the researcher's control, and this influenced the iterative approach that this study followed.

Third, it could be argued that the fact that the researcher is not Chinese or British might prevent the researcher from gaining a deep understanding of the issues raised in the interviews. However, this could in fact be a point of strength because the researcher did not have any strong assumptions regarding local and home actors' behaviours and actions. Fourth, the interviews were conducted at one point in time: this limited the ability of the research to address changes in the orientations of subsidiaries' HRM practices over time, which would have required a longitudinal approach. In spite of these limitations, the researcher conducted in-depth interviews while investigating during the interview the changes in HRM practices. Moreover, the research involved an adequate number of participants from different management levels and departments, both locals and expatriates (participants triangulation), with different years of experience, unlike many studies that depend merely on HR managers.

Fifth, moving to non-methodological limitations, the trade unions' influence on HRM practices and their relationship with the parent company was one of the main actors that the researcher planned to investigate. During the interview process, the researcher found that unions were represented in only one subsidiary (ManuCo 1), and their role was not influential. Also, in greenfield subsidiaries, the participants, particularly the Chinese employees, showed some sensitivity with regards to the union representation question. Therefore, the unions as an actor were not included in the research findings. However, it will be included in

future research that focuses on unionised acquired subsidiaries and on the reasons for the non-representation of trade unions in Chinese greenfield subsidiaries and how that impacts HRM practices.

Finally, although the research unpacks the sources of agency and power in IHRM literature and institutional logics, these need to be explored in more detail. The research could also be carried out using other analytical lenses that focus on power, specifically, the Lukesian perspective.

8.4. DIRECTIONS FOR FURTHER RESEARCH

Despite the limitations of the study, it has important implications for IHRM research and uncovers a number of promising opportunities for future research that have so far been ignored in the literature.

Future studies can benefit from the findings of this thesis, on the basis of which they can build more comprehensive frameworks for IHRM in MNCs from EMs. This could extend the existing framework (e.g. Thite et al., 2012; Zheng, 2013; Budhwar et al., 2016) by focusing on the actor-centric approach (Rupidara and McGraw, 2011; Welch and Welch, 2012) and include other new mechanisms of control and tactics to transfer and introduce new practices. Further research also needs to focus on how actors can maintain current practices. Previous research focuses on creating and disrupting practices; however, there has been little interest in studying how institutions maintain their practices, which would contribute to institutional work (Lawrence and Suddaby, 2006).

This research can be considered one of the first studies to unpack interests, dependency and power, and bring them together in the institutional analysis to understand IHRM by using institutional logic and resource dependency theory. However, further research is needed to focus on those concepts, particularly power as mentioned earlier, by adopting the Lukesian perspective and also using different institutional lenses such as institutional work and institutional entrepreneurship (Maguire, Hardy and Lawrence, 2004; Lawrence and Suddaby, 2006). This could build novel theory in IHRM literature that could better conceptualise the localisation, standardisation and hybridisation framework and contribute to the divergence/convergence debate (Horwitz et al., 2002; Carr and Pudelko, 2006; Björkman et al., 2007; Fan et al., 2016; Cooke et al., 2017).

Empirically, the role of the local Chinese employees in foreign subsidiaries needs further investigation. Are they considered self-initiated expatriates in MNCs (Tharenou and Caulfield, 2010)? Do they play the role of facilitators and are they used as mechanisms of control by the parent companies? Could they replace some of the expatriates' positions? And are they willingly playing these roles (if they are), or do they prefer to be treated like local employees rather than being exploited by the expatriates' managers? The answers to these questions could also be linked to industrial-level factors because local Chinese workers are widely hired in certain sectors and types of establishment. Therefore, further research needs to incorporate the industrial-level factors, particularly types of industry and modes of establishment, to bring significant theoretical differences in to the analysis and the configuration of the orientations of HRM practices

(Ferner, 1997; Rosenzweig, 2006; Almond, 2011; Chung et al., 2014; Siebers et al., 2015; Adams et al., 2017).

Although this research unpacks the notion of context, any further research needs to build more contextualised findings. This can be achieved by focusing on the research design and the theoretical lenses, particularly in the context of EMs, and move away from Western explanations, thinking and interpretation. This will contribute to existing studies focused on the context in a less researched context (Brewster et al., 2016; Cooke, 2018).

Concerning the Chinese context, future research can bring new and surprising empirical and theoretical insights by exploring its unique characteristics, notably cultural values, Confucian philosophy, and communist political values. However, this would require including macro-level (national) and micro-level (individual) influence in the research and analysis. A particular focus could be paid to the Chinese state by investigating how the Chinese state's role, interests and values influence the overseas subsidiaries' management practices and how it can be compared to other EM states.

Concerning the methodology, more study is needed to focus on interviewing multiple respondents to capture the subsidiaries' different voices, which reflect varied perceptions and realities. Researchers can also employ other methods; for example, mixed methods and different analytical techniques could potentially provide new insights, alternative understandings and explanations, and contribute to IHRM research. Moreover, this research showed that time played

a significant role in the changes of responses, interests, power, control, and HRM practices' orientation. Therefore, further in-depth research is needed over an extended period of time by adopting a longitudinal research design. This will advance understanding and explore the changes and continuity over time of HRM practices: how, when and why MNCs and subsidiaries change their behaviours in different countries over time. This will contribute to the new avenue of research that seeks to advance understanding of the variety of temporal-spatial contexts and their influence on managing people in MNCs (Brewster, Gooderham, Mayrhofer, Sinha and Zheng, 2020).

Moreover, further research can contribute to the "grand challenge" literature (George, Howard-Grenville, Joshi and Tihanyi, 2016). First, there is an excellent opportunity to advance research into how a temporal event, such as the current pandemic, COVID-19, could have a permanent influence on the subsidiaries' HRM practices, particularly those of HOS. Second, it would also be beneficial to study how changes in the host country's business environment (e.g. the UK's exit from the EU) might affect CMNCs' motives to invest in the UK, which will influence how they manage the workforce in the UK and European subsidiaries. Third, a further potential area of research is how the political dynamics and economic relationships between China, the UK and the US will impact the Chinese overseas subsidiaries' management practices and staffing. These challenges can be investigated by addressing how organisations and their managers change or create new practices to address these challenges.

Finally, researchers can investigate how the CMNCs may influence host-country institutions, in both developed and less developed markets (e.g. Geary and Nyiawung, 2021). Extending this research to different countries, both developed and developing, would meet the current knowledge and literature deficit in IHRM, which needs more extensive empirical research. The same research could be further extended to study other MNCs from other EMs such as India. This will provide valuable insights into the IHRM literature in EMs (Fan et al., 2012; Zhang and Fan, 2014; Siebers et al., 2015; Budhwar et al., 2017; Cooke, 2019; Geary and Nyiawung, 2021).

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APPENDICES

APPENDIX 1: DEFINITIONS OF KEY CONCEPTS

Concept	Definition
Acquiescence	When organisations accede to institutional pressures, it takes alternative forms, including habit, imitation and compliance (Oliver, 1991).
Actors	The individual, the organisation and the society (Scott, 1995).
Agency	Actor's ability to influence the social world and change the rules (Scott, 1995).
Control	The processes of the MNC parent company in determining or affecting what subsidiaries can do (Chang et al., 2009).
Embedded Agency	"The interests, identities, values, and assumptions of individuals and organisations are embedded within prevailing institutional logics" (Thornton and Ocasio, 2008, p. 103).
Guanxi	An interpersonal network in which individuals are embedded with an interactive relationship and exchanges between and among them (Wang and Wang, 2002; Lee and Dawes, 2005).
IHRM	"Understanding, researching, applying and revising all HR activities in their internal and external contexts as they impact the processes of managing human resources in organisations throughout the global environment to enhance the experience of multiple stakeholders" (Schuler and Tarique, 2007, p. 718).
Institutional Complexity	A situation that occurs when organisations "confront incompatible prescriptions from multiple institutional logics" (Greenwood et al., 2011, p. 318).
Institutional Environments	Defined by detailed rules and requirements that organisations should adopt to gain legitimacy (Scott, 1995).

Concept	Definition
Institutional Legitimacy	"Generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman 1995, p. 574).
Institutional Logics	"The socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organise time and space, and provide meaning to their social reality" (Thornton and Ocasio, 1999, p. 804).
Institutions	"Rules, norms, and beliefs that describe reality for the organisation, explaining what is and is not, what can be acted upon and what cannot" (Hoffman, 1999, p. 351).
Hybridisation	HRM strategy that combines global integration with local responsiveness (Taylor et al., 1996; Tayeb, 1998).
Isomorphism	"A constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions" (DiMaggio and Powell, 1983 p.149).
Localisation	Refers to how a subsidiary's HRM practices adapt to its local environment (Ngo et al., 1998).
Manipulation	"The purposeful and opportunistic attempt to co-opt, influence, or control institutional pressures and evaluations" Oliver (1991, p. 157).
Organisational Culture	Set of values shared collectively across organisational employees (Liu, 2004; Chatman and Jehn, 1994).
Power	Actors' ability to make others do things they would otherwise not do (Pfeffer, 1992; Gehman et al., 2016).
Standardisation	Refers to how a subsidiary's HRM practices are aligned with the parent company (Ngo et al., 1998).

APPENDIX 2: INVITATION LETTERS FOR PARTICIPATION IN THE RESEARCH



Nottingham University Business School
University of Nottingham
Jubilee Campus
Nottingham
NG8 1BB
+44 (0) 7713 983929
amani.shajera@nottingham.ac.uk

Date

Recipient's name
Recipient's address

My name is Amani Shajera, I am a second-year doctoral student at Nottingham University Business School and my PhD project is supervised by Professor Ken Kamoche and Dr Yanan Feng. The project relates to Human Resource Management (HRM) practices at Chinese Multinational Corporations (CMNCs) subsidiaries in the UK. The last two decades have witnessed a rapid development of CMNCs, their contribution to the international flows of foreign direct investment (FDI) increased tremendously over the last years and moved China to the second-largest country for FDI for the first time (UNCTAD, 2017). This generated rapidly increasing research interest in their MNC strategies, especially in the developed countries. However, there is little attention has been given to how CMNCs manage their international operations, such as HRM, especially in the UK. Therefore, this research will examine the influence of different institutional actors (national level) and human actors (employees) in shaping HRM practices at the subsidiary level, the extent to which HRM practices are subjected to a degree of localisation and standardisation, and it aims to determine the mechanisms by which actors exert to influence shaping these practices.

In order to generate more information about this topic, I will be conducting individual interviews (45 – 60 minutes) with employees of six successful CMNCs subsidiaries as part of the research study. Participants for this research will include top/Middle managers, HR manager and non-managerial employees. Especially that people in senior positions at the subsidiary level can better appreciate the influence of both the internal and external environment on HRM practices and non-managerial employees are sources of information and it is important to capture their views and perceptions of HRM practices.

I would like to stress how crucial the benefits of this research to your firm and CMNCs subsidiaries. An executive summary of the key findings of this research will be shared with your firm and this will contribute to the management practitioner's understanding of the best ways in which CMNCs manage their HRM practices and the factors that influence shaping these practices and capture better the global workforce issues encountered by their subsidiaries.

This research has been reviewed and given a favourable opinion by the Nottingham University Business School Research Ethics Committee. The information obtained from the interview is strictly confidential. The firm's name, participants' names, and any other information to identify the participants or the firm will be coded or changed to keep it anonymous and confidential in any research paperwork and computer files. The data collected will be handled and stored securely and in accordance with the University Code of Research Conduct and Research Ethics and the EU General Data Protection Regulation (GDPR). The information that will be collected will be used by the researcher for the purpose of a PhD thesis and could also be used for the purpose of publication in the forms of conference paper and journals article.

Enclosed for your convenience, participant information sheet and informed consent form. Your approval to conduct this study will be greatly appreciated. I will follow up next week and would be happy to answer any questions or concerns that you may have at that time.

Yours sincerely,
Amani Shajera
PhD student
University of Nottingham

Nottingham University Business School
University of Nottingham
Jubilee Campus
Nottingham
NG8 1BB
+44 (0) 7713 983929
amani.shajera@nottingham.ac.uk

Date

Recipient's name
Recipient's address

亲爱的 .....

我是Amani Shajera, 一名来自诺丁汉大学商学院二年级的博士生，Ken Kamoche教授和 Yanan Feng博士是我的导师。 我的研究课题是关于中国跨国企业在英国的子公司的人力资源问题。2017年联合国贸易和发展会议（UNCTAD）指出，进二十年以来，中国跨国公司迅速发展，它们在对海外直接投资领域所做出的贡献是巨大的，在过去的十年中中国一跃成为世界第二大海外直接投资的国家。伴随着这样的趋势，学术界也对与研究相关的问题（跨国企业战略）产生了浓厚的兴趣，特别是英国。因此，此研究将会阐述机构参与者和人力资源参与者在中国跨国公司的海外子公司内部所产生的不同影响，同时探讨本土化和标准化对人力资源管理的影响。我的研究也旨在确定参与者对这些管理实践的影响机制。

为了获得更多与我研究课题相关的信息，实地采访（45-60分钟）子公司的员工来自六个成功的中国跨国公司的子公司将是我的研究的非常重要的一部分。参与者将包括对子公司层面人力资源管理的实践有一定的经验和知识的员工。而这些员工将包括中高层经理、人力资源经理以及非管理层员工。选择海外子公司的高级管理者，因为他们更了解内外部环境对于公司人力资源管理的影响，与此同时，获得普通员工对于公司人力资源管理的看法也是很重要的。

请允许我强调一下这项研究对贵公司以及整个中国跨国公司的海外子公司的重要意义，此研究当中的主要调查成果的执行摘要将会与贵公司分享，研究也致力于帮助中国跨国公司管理的参与者更好的理解在人力资源管理当中的最好的方式，与此同时研究也能更好的捕捉关于海外子公司全球劳动力相关的问题。

本研究已经过诺丁汉大学商学院研究伦理委员会的审查并给予了积极的评价。所有在调查中所获得的信息将会是严格保密的，其中包括公司的名称，参与者的姓名以及用于识别参与者或公司的任何其他信息将被编码或更改，以使其在任何研究文书和计算机文件中保持匿名和保密。收集的数据将按照大学研究行为准则和欧盟通用数据保护条例(GDPR) 进行安全处理和存储。这些收集的信息将会被用来博士研究的理论组成，也会被运用于发表成研讨会文章和学术期刊文章的形式。

附件是参与信息单和知情同意合同单。我们将非常感谢贵公司同意我们进行采访。我会在下周跟进并非常乐意回答贵公司任何相关问题。

此致

敬礼

Amani Shajera
PhD Student
University of Nottingham

APPENDIX 3: INFORMATION SHEET



Information for Research Participants

Thank you for agreeing to participate in the research project. Your participation in this research is voluntary, and you may change your mind about being involved in the research at any time and without giving a reason.
This information sheet is designed to give you full details of the research project, its goals, the research team, and what you will be asked to do as part of the research. If you have any questions that are not answered by this information sheet, please ask.
This research has been reviewed and given a favourable opinion by the Nottingham University Business School Research Ethics Committee.

1. What is the research project called?

Institutional and subsidiaries actors: HRM practices in Chinese MNCs in the UK

2. Who is carrying out the research?

Researcher: Amani Shajera, PhD Student in Business and Management, the University of Nottingham
MSc, BA (Hons)
Supervisors:

- Prof Ken Kamoche: Professor of HRM and Organization Studies, and Director of the Africa Research Group.
- Dr Yanan Feng: Assistant professor of Strategy and International Business, and Deputy Director of MSc International Business

3. What is the research about?

The last two decades have witnessed rapid development of Chinese multinational corporations (CMNCs). Their contribution to the international flows of foreign direct investment (FDI) increased tremendously over the last years and moved China to the second-largest country for FDI for the first time (UNCTAD, 2017). This generated rapidly increasing research interest in their multinational corporation (MNC) strategies, especially in the developed countries such as the UK. However, little attention has been given to how CMNCs manage their international operations, such as Human resource management (HRM). Therefore, this research aims to widen the understanding of how HRM practices being shaped and designed at CMNCs-subsidiaries in the UK in term of the localisation and standardisation orientations. In order to generate more information about this topic, I will be conducting individual interviews with the employees of the subsidiary as part of the research study.

4. What groups of people have been asked to take part, and why?

Participants for this research will be employees who have knowledge and experience of how HRM practices are shaped and designed in the subsidiary level, and this will include top/ middle managers (local and expatriates), HR manager and non-managerial employees (local and expatriates). Especially people in senior positions at subsidiaries level have an understanding of both the local and global setting, can better appreciate the influence of both the internal and external environment on HRM practices. Non-managerial employees are the final recipients of the practices and are sources of information as well and since they count as the majority of employees, it is important to capture their views.

5. What will research participants be asked to do?

The participants (interviewee) will be asked a number of questions during the interview related to the design of HRM practices at CMNCs-subsidiaries in the UK in term of the localisation and standardisation orientations. Each interview will take approximate 45-60 minutes and will be recorded by using an audio recorder. The key findings of this research will be shared with your firm and this will contribute to the management practitioner's understanding of the best ways in which CMNCs manage their HRM practices and the factors that influence shaping these practices and capture better the global workforce issues encountered by their subsidiaries.

6. What will happen to the information I provide?

The information obtained from the interview is strictly confidential. The firm's name, participants' names, and any other information to identify the participants or the firm will be coded or changed to keep it anonymous and confidential in any research paperwork and computer files. The data collected will be handled and stored securely and in accordance with the University Code of Research Conduct and Research Ethics and EU General Data Protection Regulation (GDPR). Papers and electronic data will be kept secure, paper data stored and locked in a secure cabinet and locked in the office, electronic data and audio in password-protected file space on the University server and on encrypted electronic devices. All recordings will be destroyed once they have been transcribed.

The data obtained in this study will be analysed and exclusively used for this study and not passed on to third parties. Direct anonymous quotes will be used as well.

7. What will be the outputs of the research?

The information that will be collected will be used for the purpose of a PhD thesis and could also be used for a purpose of publication in forms of conference paper and journals article. The key findings and overall results of the study would be shared upon the request of the firm.

Contact details

Researcher: Amani Shajera
Tel: +44 (0) 7713 983929
Email: amani.shajera@nottingham.ac.uk
Address: Nottingham University Business School
University of Nottingham
Room 30a, Business School South Building
Jubilee Campus
Wollaton Road
Nottingham, NG8 1BB

Supervisor: Prof Ken Kamoche
Tel: +44 (0) 115 8466533
Email: Ken.Kamoche@nottingham.ac.uk
Address: Nottingham University Business School
University of Nottingham
Room C08 North School South Building
Jubilee Campus
Wollaton Road
Nottingham, NG8 1BB

Supervisor: Dr Yanan Feng
Tel: +44 (0) 115 8467416
Email: Yanan.Feng@nottingham.ac.uk
Address: Nottingham University Business School
University of Nottingham
Room C42a North School South Building
Jubilee Campus
Wollaton Road
Nottingham, NG8 1BB

Complaint procedure

If you wish to complain about the way in which the research is being conducted or have any concerns about the research, then in the first instance, please contact Prof Ken Kamoche. Or contact the School's Research Ethics Officer:

Chris Carter
Nottingham University Business School
Jubilee Campus
Nottingham NG8 1BB
Phone: 0115 84 66062
Email: christopher.carter@nottingham.ac.uk

APPENDIX 4: INFORMED CONSENT



University of Nottingham
UK | CHINA | MALAYSIA

Informed Consent

PhD Project: Institutional and subsidiaries actors: HRM practices in Chinese Multinational Corporations in the UK

Please tick the appropriate boxes	**Yes**	**No**
1. Taking part in the study		
1.1 I have read and understood the study information or it has been read to me. I have been able to ask questions about the study and my questions have been answered to my satisfaction.	☐	☐
1.2 I consent voluntarily to be a participant in this study and understand that I can refuse to answer questions and I can withdraw from the study at any time, without having to give a reason.	☐	☐
1.3 I understand that taking part in the study involves an audio-recorded interview and all recordings will be destroyed once they have been transcribed.	☐	☐
2. Use of the information in the study		
2.1 I understand that the information I provide will be used for the purpose of a PhD thesis and could also be used for a purpose of publication in the forms of conference papers and journals articles.	☐	☐
2.2 I understand that personal information collected about me that can identify me, such as my name, will not be shared beyond the study team.	☐	☐
2.3 I agree that the information I provide can be quoted anonymously in research outputs	☐	☐
3. Research findings		
3.1 A copy of the transcriptions will be shared with me for confirmation before using it for the study.	☐	☐

4. Signatures

Name of participant	Signature	Date

I have accurately read out the information sheet to the potential participant and, to the best of my ability, ensured that the participant understands to what they are freely consenting.

Name of researcher	Signature	Date

Study contact details for further information

Amani Shajera, PhD Student
The University of Nottingham
Tel: +44 (0) 7713 983929
Email: amani.shajera@nottingham.ac.uk

APPENDIX 5: INTERVIEW GUIDE

Date	
Time of interview	Started: Ended:
Location	

1. Introduction
Key Components - Appreciation of participation - Researcher introducing herself - Purpose of this research - Ethical considerations - Duration - How the interview will be conducted - Opportunity for questions - Signing of the consent form

2. Interviewee profile	
Firm	Code:
Name	Code:
Job title	
Department (current)	
Departments (previous)	
Nationality (local/expatriate)	
Country of origin	
Years of experience in this subsidiary	
Age	
Gender	
Level of education	
Country of education	
Previous work experience (in another subsidiary or HQ)	

3. Interview general questions
1. Could you describe the HRM practices in your firm? (Recruitment and selection, training and development, performance management, compensations and reward, and other practices)?
2. How and to what extent does the subsidiary comply with UK employment legislation? Any challenges?
3. How important have HRM practices been for your firm to establish host market legitimacy?
4. Can you talk about your firm's relationship with HQ in terms of their management and control approach regarding HRM policies and practices?
5. In general, can you explain how similar/different subsidiary HRM practices are to those of HQ?
6. Describe your firm's relationship (the subsidiaries and parent company) with the home country government (China)?
7. Is there any influence from your home government to alter or standardise your HRM practices in the UK?
8. How do cultural norms and values influence HRM practices or management practices?
9. How important/valued/powerful is the HR department in the process of decision-making regarding HR policies and practices and different projects and initiatives?
10. How do you perceive the current implemented practices and why?
11. Could you describe the changes in or history of the subsidiaries' HRM policy and practices?
12. How do expatriates perceive the HRM practices?
13. How does the presence of expatriates influence the design of/changes in subsidiaries' HRM practices?
14. What sort of strategies and practices has the company used to enable expatriates to adjust?
15. How would you describe the level of integration between expatriates (Chinese) and locals?
16. How would you describe the role of local Chinese employees in facilitating the integration between expatriates (Chinese) and locals and resolving any issues related to HRM practices?
17. Did you face any difficulties dealing with employees (peers, managers) from a different culture, or any misunderstandings or miscommunication?
18. How sensitive are some HRM practices to the Chinese context?

APPENDIX 6: DATA CODING TABLES

This section presents the data coding tables. Although a long iterative process was required, selected data tables are presented in sections A and B.

A. Within-case Descriptive Analysis and Coding: An Example of a ManuCo 1 Case

The following represents the data table of the findings presented in Chapter 4. The following four data tables present an example of a ManuCo 1 within-case analysis of each HRM practice. Similar tables were also developed for each case before a cross-case analysis was conducted and the findings and analysis were presented in Chapter 4.

1st order themes	2nd order themes	Description	Selective representative quotations
1. Recruitment and selection	**Localisation influence**	- Localised processes and procedures for recruitment and selection. - Job adverts, both internal and external. - Receive CVs directly and indirectly from other agencies. - Short-list candidates. - Interview candidates and use a competency-based interview process. - Select candidates and job offers. - Induction process and a probationary period. - Fairness and transparency of the recruitment and selection process.	- "It's localised, and it's to make sure that ManuCo1 has a proper legal standing in terms of their contract." (Local HR Director, ManuCo 1). - "It's definitely localised, and they have a reasonable amount of flexibility in what they can do." (Local Manager, ManuCo 1) - "It's a standard procedure for any of the roles in the company, so very clear, transparency, to everybody, for the recruitment process." (Expatriate Director, ManuCo 1)
	Standardisation influence	- Control headcount and roles. - Approving senior management position (MD & Directors) - Control over the recruitment and selection of R&D (parent company select candidates based on qualifications, mainly PhD holders, versus the local HR team select candidates based on their practical experience and the behaviours and values of the person). - Expatriates are usually a member of the CCP. - Chinese managers prefer recruiting Chinese workers. - Recruitment through *guanxi*. - Ensure cultural fit (Chinese) during the interview. - Recruit local Chinese workers. - Keeping British talents and offering them another position in the parent company chart.	- "Chinese senior managers are placed in ManuCo1 to exercise some control." (Local Former CEO, ManuCo 1) - "The second interview was more a cultural fit. Can I work with the Chinese nationals? They are very aware of the cultural fit." (Local Manager, ManuCo 1) - "So some of the Chinese managers may decide to focus all on just the Chinese applicants." (Local Director, ManuCo 1) - "We occasionally have people that are not necessary but come in on an instruction from the parent company." (Local Financial Specialist, ManuCo 1)

1st order themes	2nd order themes	Description	Selected representative quotations
2. Training and development	**Localisation influence**	- They follow localised training similar to many other British companies. - A very structured plan for training and offer their employees many training opportunities. - Provide continuous professional development (CPD) for engineers to ensure that they are continuing with their development. - Sponsor higher education courses, HNC, HND courses. - Specialised training requests: according to ManuCo 1's training and development policy, if any employee wants to join any training, they can send a request, and if it matches the company's needs, then the budget is approved. - Government funds apprenticeship. Every year ManuCo1 commit to taking on at least four apprentices.	- "We have about 10% of our employees are on a further or higher education course of some description, and that's sponsored by the company, and that's generally people on electronic engineering qualifications where they go for day release to college." (Local HR Director, ManuCo 1) - "All the funding is through the apprenticeship levy instead and so, with that, we are taking on some more apprentices. So, every year we commit to taking on at least four apprentices." (Local HR Director, ManuCo 1)
	Standardisation influence	- Sending some of the subsidiary's employees to the parent company for training. - The parent company covers all the training costs; it encourages and financially supports any training, especially for the engineers from the R&D centre.	- "We send people frequently to China, to our parent company, to visit our Chinese factory, to be trained, to learn, and the communication with Chinese engineers." (Expatriate Director, ManuCo 1) - "China also supports the training a lot. We send many people to attend the conference, exhibition. I was in Nuremberg last month, for a very big exhibition, they sent 20 people from the company, and China paid for the exhibition fee in Germany." (Expatriate Senior Engineer, ManuCo 1)

1st order themes	2nd order themes	Description	Selected representative quotations
3. Performance appraisal	**Localisation influence**	- Performance management starts with a probationary period of six months for new starters. - All managers receive training on the annual performance development review process (PDR). - The process of PDR is carried out with the immediate line manager. First, employees self-report what they have achieved in the previous reporting period, which might be six months or at the end of the year, and this is then reviewed by the line manager. - PDR is used to give feedback to the employee about their performance, agree on objectives and identify training or development opportunities. - The PDR has four levels: outstanding, excellent, achieved and needs some improvement. - According to the performance results, the managers and the directors can nominate employees for promotion.	- "At least, for the British staff, the appraisal system is just a pretty normal UK system." (Local Director, ManuCo 1) - "We have two, we have a formal system, and we do it once a year. This is then reviewed at least every six months for existing employees here, but you tend to keep an eye on it with the targets. So, for example, as a manager, I have a weekly one-to-one with all of my staff and that can be about business, it can also be about performance and this review." (Local Manager, ManuCo 1)
	Standardisation influence	- The parent company tried to force some standardised practices in evaluating employees influenced by the Communist Party. However, these were rejected by the CEO and also the HR director. - Introduced a clock in and out system to monitor attendance. - They have a very clear and strict employee review in the Chinese parent company, and the Chinese Vice-Director of R&D is trying to introduce that system for the engineers in R&D.	- "Their assessment of people involves whether they are a good employee and that is within the definition of what the Communist Party would apply. It is not really very applicable to a Western culture." (Local Former CEO, ManuCo 1) - "It's not positive because everybody, naturally, feels like you're being watched. Personally, I don't know what the real reason is." (Local Financial Specialist, ManuCo 1)

1st order themes	2nd order themes	Description	Selected representative quotations
4.Compensation and benefits	**Localisation influence**	- Payment and benefits are in line with UK employment law. - The company only pay the minimum into the pension scheme. - The salary is very low and below the average pay band. It is 12% lower than the market. However, in some of the engineering roles, employees can be paid relatively highly. - Good benefits such as car allowances, mobile phones, laptops, life insurance, flexitime, 24-hour helpline for any health-related matters, cycle-to-work scheme, childcare vouchers, professional membership fees. - Organise an annual reward and recognition programme. - Offer incentives for writing technical papers, publication and patents and also a reward scheme for the best idea by employees. - Introduced a better maternity rate and encouraged more females in STEM. - Holiday entitlement of 25 days, which is above the minimum requirement.	- "The compensation is a very friendly company. I think generally, the terms and conditions are quite good. I think the general package is good." (Local Manager, ManuCo 1) - "The salary is not as high as you might get with some of the other multinational suppliers in this area. So, reasonable, but not the best." (Local Manager, ManuCo 1) - "There are incentives, yes. So, a first name author can get up to £500, I think, for an original paper or conference paper." (Local Engineer, ManuCo 1)
	Standardisation influence	- Introduced a bonus structure (punishment and reward) - Concept of rewards put forward, such as inviting employees for dinners and bringing gifts, but this was not adopted by locals. - Reward outstanding employees with a holiday in China. - Canteen is subsidised. - Redundancies every 18 months that do not affect the R&D centre employees because the centre is 100% funded by the parent company.	- "So we then had to find a way to apply that type of new idea, like a bonus structure so that if we performed well, they would apply a bonus to everyone, and we have not been used to bonuses." (Local HR Director, ManuCo 1) - "We are supported by the Chinese company, that every year, we send 3 or 4 outstanding employees to China for one week holiday, travel all over the country in China, and China covers the cost, and so that is a kind of support as well." (Expatriate Director, ManuCo 1)

B. Data Coding Table Presenting the Findings Discussed in Chapter 5 and Chapter 6

2nd order themes	1st order themes	Selected representative quotations
Mechanisms of control of the localisation of HRM practices	Coercive compliance: host-country employment regulations	- "Do I have problems with implementing some of the things that our Chinese parent company want because of UK legislation? Very much so, yes. It's just a fundamental lack of understanding. They will not understand it because they don't have a broad enough experience in the UK." (Local HR Director, ManuCo 1) - "You have to comply with local employment law. So, you have to respect all the processes and all the steps that they are required by law. So, everything is by law." (Local/European HR Specialist, TeleCo 1)
	Noncoercive compliance: host-country and local corporate culture and norms	- "There is a link between how we are so localised and when the firm was first acquired by the Chinese parent company. They retained most of the workforce coming from there." (Local Analyst (of Chinese Origin), ManuCo 2) - "There was a culture of clocking in and clocking out, and it was fairly strongly enforced; they are not enforcing now because so many people were ignoring it." (Local Senior Manager 1, TeleCo 2).
Sources of control of the localisation of HRM practices	Parent company dependency on the subsidiaries' technical expertise and market knowledge	- "So back 14 years ago, all the engineers in the UK, they taught a load of engineers in China, how to build a car and how to do things." (Expatriate, MD's Personal Assistant, ManuCo 2) - "They need Westernised local people to show that they also understand the markets, whereas expatriates might not quite fully understand the markets, the local people can be the link to the local area." (Local HRBP, TeleCo 2)
	Parent company dependency on their relationship with the subsidiaries (guanxi)	- "Former CEO is the reason we have such a good relationship with our Chinese parent company. He spent such a lot of time making sure that we have a good relationship with them. So, they trust us very much." (Local HR Director, ManuCo 1) - "Chinese people expect you to build *guanxi* so I have my own network and my own ex-bosses, I know my *guanxi*, so I built, and I get my information from my informal network in the business rather than in a formal way." (Local/European Head, TeleCo 1)

2nd order themes	1st order themes	Selected representative quotations
Mechanisms of control of the standardisation of HRM practices	Business integration	- "Our way of working became completely integrated, and to improve communication between the UK and China and improve global understanding and to speed up how we implement HR tasks or processes, we adopted a more standardised approach. Promotion processes, performance review processes and the methods for evaluating individual capability: all of those processes were very strongly led by the China Headquarters." (Local Managing Director, ManuCo 2) - "They have global systems. HQ does not allow us to purchase local systems to use or even develop our own. They want everything to be centralised to be streamlined. So, this is the same in sales, in HR, in finance: they have their own global system for the locals to use." (Local Chinese HR Specialist 2, TeleCo 2)
	Subsidiary structural changes (locals' and expatriates' representation and roles)	- "ManuCo 2 had a lot of freedom; they thought they had a lot of freedom to operate the way they wanted, and that is how the message got dismissed, and the snowball rolled eventually. That caused this final failure that burned the whole thing, that burned the relationship [restructuring the subsidiaries]." (Local Analyst (of Chinese Origin), ManuCo 2) - "The thing is that our local experts do not have too many chances; they have ceiling even if they are very outstanding." (Expatriate HRBP, TeleCo 2) - "When they [expatriates directors] were in the sales and marketing level, I would say that I saw a great deal of change in the approach." (Local Manager 2, ManuCo 1) - "It's more a control demand-based management than consent-based management. It's more of this kind of demand and control kind of management style usually transferred here. Your manager or your company boss is a father figure, they take care of you, but you respect and obey them." (Local Chinese Deputy Director, TeleCo 1)
Sources of control of the standardisation of HRM practices	Subsidiaries' dependency on relationships with the parent company	- "And they know that if they ask me or the MD to do something, it will get looked after. We would come to a compromise on whatever it is they wanted to do." (Local HR Director, ManuCo 1) - "Although I have my contracted hours, I do go outside of that from time to time. It's not that they are putting pressure on me, I just feel bad, I feel like I am not really being a team player, showing a bit more willingness. If I knew that there was something very serious and me not

2nd order themes	1st order themes	Selected representative quotations
		sending that email out just before I go away on that Friday evening, and I know that my line manager is going to be caused a lot of pain by that, then I know I should, I feel guilty for not doing something about that." (Local Senior Manager 2, TeleCo2)
	Subsidiaries' physical dependency on the parent company	- "Because they fund the research and development centre, completely, 100%, they will say to us how many and what kind of engineers they want within that centre. So, they absolutely influence the people that are in the R&D centre." (Local HR Director, ManuCo 1) - "My base is lower than friends working for [two big firms], but the total [with bonus] for the whole year is slightly higher, assuming I will meet my targets yearly. Most, at least half the sales employees will meet their targets." (Local Chinese Business Manager, TeleCo 1)
	Parent companies' physical dependency on the Chinese state: political and ideological influence	- "The party is very heavily integrated into the organisation of the business, and according to my understanding, a lot of the party processes had a strong influence on the business operation, so a lot of meetings, particularly in the evening, were run by the party. Even the human resource strategy would not just be a product of the conversations with the immediate people that you would normally expect in the organisation." (Local Managing Director, ManuCo 2) - "I suspect it's a change from the top, politically from the government saying the company needs to employ Chinese people because it's a Chinese company and therefore you cannot have lots of locals at the top or international non-Chinese at the top or in more senior decisions making positions in a Chinese company." (Local Manager, TeleCo 2)